

Report to the High Court of New Zealand on the Affairs of PTT Limited and Related Entities (In Receivership)

*Report to the High
Court of New Zealand*

2 September 2015

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The Registrar
High Court of New Zealand
Cnr Waterloo Quadrant &
Parliament Street
Auckland

2 September 2015

Dear Sir / Madam

Report to the High Court on the Affairs of PTT Limited and Related Entities (In Receivership) (“the PTT Group” or “the Group”) comprising:
PTT Limited (In Receivership)
Maxwell Foster Limited (In Receivership)
Gibson McLeod Limited (In Receivership)
Alba International Limited (In Receivership)
Mr Steven Robertson (In Receivership)
Mrs Lisa Jane Robertson (In Receivership)
The Steven Robertson Family Trust

Please find attached our report in respect of the above matter. This report is lodged with the Court pursuant to the Orders of the Court of 13 August 2015, whereby the undersigned were appointed Receivers and Managers of the PTT Group pursuant to sections 522 – 524 of the Financial Markets Conduct Act 2013.

Please feel free to contact John Fisk on 04 462 7486 should you have any queries on this matter.

Yours faithfully

A handwritten signature in black ink, appearing to be 'John Fisk', written over a horizontal line.

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Receiver and Manager

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A handwritten signature in black ink, appearing to be 'David Bridgman', written over a horizontal line.

David Bridgman
Receiver and Manager

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Section 1

Executive Summary

Executive Summary

Based on our preliminary investigations to date we make the following comments with reference to the areas we have addressed in this report.

Structure and assets of the PTT Group

The four corporate entities of the PTT Group (PTT, MFL, GML and AIL) all appear to have been beneficially owned and controlled by Mr. Robertson, save to the extent that, as discussed below, Mr. Robertson purported to sell shares in these companies to clients.

The true beneficial ownership and control is not obvious from company searches as: (a) in the case of PTT and GML, Mr. Robertson arranged for administration staff to hold directorships and shareholdings as nominees for him; and (b) in the case of PTT and MFL, Mr. Robertson purported to sell shares to clients, with ownership changes not registered. Mr. Robertson claims that, following such sales, he has held the sold shareholding only as nominee.

The total cash collected from third parties, outside the PTT Group, by these four corporate entities between June 2013 and August 2015 was c.\$4.44m.

The cash assets of the four corporate entities as at 31 August 2015 total only \$51k.

The remaining funds appear to have been distributed to the fifth to seventh respondents, being Mr Robertson, his wife Mrs. Robertson and the Steven Robertson Family Trust (**SRFT**). As matters currently stand, Mrs. Robertson (with a call balance of c.\$111k) and the SRFT (which owns the family home, subject to a mortgage), hold the most significant assets of the PTT Group, which appear to have been funded (at least in part) from PTT Group cash sourced from clients.

We were advised that Mrs. Lisa Robertson is presently a homemaker. She was previously employed at HGL as an administrative assistant. She has not been employed at any of the other named entities in PTT Group. Between 29 October 2013 and 14 August 2015, amounts totalling \$373k were transferred from the accounts of PTT, MFL and AIL, to her personal bank accounts.

Business activities of the PTT Group

Overall, we discerned a lack of regard for separate legal personality, good accounting practices and the appropriate accounting characterisation of different transactions.

For instance, PTT's accounting records contain significant anomalies. PTT's Xero accounting system records various transactions with narrations, such as 'Steve cash', and 'Loan 7 Day'. A number of credit card merchant deposits as introduced funds, however, these are more likely to be sales or short-term loans.

Despite the different legal entities involved, Mr Robertson confirmed to know that he regarded the Group's assets as effectively his own.

The main Group businesses, PTT and MFL (GML and AIL were less extensively used), were primarily geared towards selling trading signals, for either gold commodity markets or currency trading. Mr. Robertson personally generated these signals based upon his judgement and intuition, and not using any proprietary software or algorithms. Mr. Robertson does not appear to have any qualifications or institutional experience in the foreign exchange or commodities markets.

The business operations were divided into a sales team working from a central Auckland office, and an administration team (including generating leads and liaising with customers) based in the Kumeu office. The sales team did not appear to be well-integrated into the rest of the business. The effect of this division was that Mr. Robertson had select knowledge of both what was being said to potential customers, and how customers were actually responding.

The marketing brochure for PTT's currency program contained data purporting to explain what returns could be made from trading using PTT's signals. This data did not derive from the PTT Group's actual trading experience using those signals and Mr. Robertson was unable to say with certainty from where this data was in fact derived. It is not apparent that there was any reasonable basis for such data being used in the promotional materials.

Executive Summary (cont'd)

Investment activities of the PTT Group

The core business of the Group during the relevant period was selling signals to customers. It seems that no money was ever actually invested for or on behalf of clients.

However Mr. Robertson acknowledged that PTT and MFL did, from time to time, accept funds for investment or “trading on behalf”.

He advised that, in the course of closing a sale, he “may have inferred to some clients that...we could find ways to take care of trading for them”. He also said that some customers may have been mis-sold investment packages as a result of employee errors.

He says that, from March 2015, he made “dozens” of phone calls to try and correct the situation. He spoke to customers who had invested with the PTT Group, told them he intended to return the funds, but said that, until he was able to do so, needed to hold the funds as loans. Accordingly, loan agreements were provided to these clients to execute.

Separately, Mr. Robertson had, through PTT and MFL, accepted loans from customers in an aggregate amount of approximately \$100k at interest rates of between 5% and 10% pa. The business rationale behind Mr. Robertson seeking loan funding from clients remains unclear.

In June 2015, Mr. Robertson made some enquiries to have PTT placed into voluntary liquidation. Based on our investigations to date, had this happened, without any assignment of existing loans, creditors would be unsecured and could not have been repaid in full.

Separating sales receipts from other third party deposits

The Receivers are not yet certain what proportion of PTT Group’s trading receipts represented product purchases only, and what proportion represented other third party deposits (such as mis-sold investments, share purchases or loan receipts).

The Receivers’ best estimate at this stage is that, out of c.\$4.44m of total trading receipts, some c.\$1.87 m(42.2%) represent revenue from product sales, and the remaining c.\$2.57m (57.8%) represents other forms of third party deposits.

Recommendations and next steps

On the basis of our analysis, we propose that an appropriate and cost-effective way forward would be for:

The Receivers to be appointed as liquidators of the four corporate respondents, together with a pooling order under s 271 of the Companies Act 1993; and

The receivership to continue with respect to the assets of the non-corporate respondents, until the Receivers/liquidators and/or the FMA have been able to determine whether any claims may be made against such assets. In particular, the assets of Mrs Robertson and the SRFT appear to have been funded, in part, from, and now represent the most substantial assets of, the PTT Group. The prospect of claims against these assets remains live.

Section 2

Appointment of Receivers and Managers

Appointment of Receivers and Managers to PTT Limited and related entities (In Receivership)

John Howard Ross Fisk and David John Bridgman of PwC were appointed Receivers and Managers of the following entities by the High Court in Auckland on 13 August 2015 following an application made by the Financial Markets Authority (“**FMA**”) pursuant to sections 522 -524 of the Financial Markets Conduct Act 2013.

PTT Limited (In Receivership) (“**PTT**”)

Maxwell Foster Limited (In Receivership) (“**MFL**”)

Gibson McLeod Limited (In Receivership) (“**GML**”)

Alba International Limited (In Receivership) (“**AIL**”)

Steven Robertson (In Receivership)

Lisa Jane Robertson (In Receivership)

Steven Robertson Family Trust (In Receivership) (“**SRFT**”)

together “**the PTT Group**” or “**the Group**”

The appointment is in accordance with the provisions of the Financial Markets Conduct Act 2013 (“**FMCA**”) and in conjunction with the provisions of the Receiverships Act 1993 and the Companies Act 1993 and the High Court Rules.

The effect of our appointment is that we have assumed control of the PTT Group and we have been provided with various powers to manage the affairs and assets of the PTT Group.

In terms of the orders as varied on 20 August 2015 we have been directed to file this report on 2 September 2015.

Specifically, the Court has ordered we report on the following matters:

- Whether any relevant person not subject to receivership should in our opinion have a receiver appointed
- Whether any of the relevant persons now subject to receivership should in our opinion be released from that receivership
- Whether in our opinion the powers granted by the Court’s original order should be varied, modified or extended in any way and if so in what way.

With regard to these matters we outline our actions, investigations and initial findings to date in the following sections of this report.

The report is subject to the Restrictions set out in Appendix 1. Subject to order of the High Court, all information contained in this report is provided in accordance with Sections 23, 26 and 27 of the Receiverships Act 1993. Furthermore in preparing this report we have relied upon and not independently verified or audited information or explanations provided to us.

Section 3

Background Information

Group Structure

Mr. Steven Robertson is the sole director and shareholder of two of the entities we have been appointed to, namely Maxwell Foster Limited (In Receivership) and Alba International Limited (In Receivership). We have been advised that the directors of PTT Limited (In Receivership) and Gibson McLeod Limited (In Receivership) are nominee directors for Mr. Robertson and they do not have any control or management over how the companies are run or how their business is conducted. Mr Robertson is also sole trustee of the Steven Robertson Family Trust.

From our investigations to date, it appears that Mr. Robertson was the person who had responsibility for and control of all funds management, research, and trading alerts to clients and he made all material business decisions in relation to the PTT Group.

Our understanding of the business activities of each of the entities within the PTT Group is summarised in the table below:

Entity	Key Business Activity
PTT Limited	Selling of an alert signal system in the foreign exchange and commodities trading markets.
Maxwell Foster Limited	Selling of an alert signal system in the foreign exchange and commodities trading markets.
Gibson McLeod Limited	Currency trading and commodity trading education systems.
Alba International Limited	New company set up in order to expand business internationally.
The Steven Robertson Family Trust	Family trust owning real property.
Mr. Steven Robertson	Managing director and Trustee to the PTT Group.
Mrs. Lisa Jane Robertson	No current formal role with the PTT Group.

We provide more detail with respect to the four corporate entities and the SRFT:

PTT

PTT was incorporated on 5 November 2012. According to the Companies Register, Ms. Sharon Lawson is the sole named director of PTT and holds a 99% shareholding. Ms. Lawson is Mr. Robertson’s administration manager. Mr. Robertson holds a 1% shareholding. Mr. Robertson has advised us that Ms. Lawson’s position as director was as a nominee for him.

Mr. Robertson advised the nature of PTT’s business was primarily to sell alert signal system packages for the foreign exchange (“forex”) and commodities trading markets. PTT had significant marketing material and used mass mail-outs of its brochure followed by calls to potential clients to generate sales leads and interest in its products.

We have been advised that PTT has been actively trading since mid to late 2013.

Our observations from our preliminary investigations show that shareholdings were being sold to various clients for specific percentages of PTT. For example, Client A invested \$150k for an unknown shareholding in PTT. We have viewed a partially executed shareholders agreement, therefore, cannot comment on whether these shares were in fact issued to Client A.

More recently PTT has begun executing loan agreements with clients, whereby clients will loan PTT an amount of money for a stipulated interest rate and fixed duration. For example, Client B loaned PTT \$10k at 5% interest p.a. for one year, which could be terminated by either party with one month’s notice. It is apparent that in some cases these loan agreements were sent to clients who had already transferred funds to the PTT Group.

Group Structure (cont'd)

In May 2015 an application was made to the High Court to place PTT into liquidation. We understand that this hearing has been adjourned until Friday, 11 September 2015. Further, we have identified an undated shareholder resolution to place PTT into voluntary liquidation signed by Ms. Lawson as the shareholder. There was also a signed and dated consent to liquidation executed on 30 June 2015 at 4pm by Mr. Craig Young (Principal and liquidator at Restructuring Services Limited). Mr. Robertson advised he had held discussions regarding placing PTT into voluntary liquidation. However, this had not occurred by the time of our appointment.

MFL (previously Citrine Management Limited)

MFL was incorporated on 24 July 2013. According to the Companies Register, Mr. Steven Robertson is the sole director and 100% shareholder of MFL.

We have also identified a number of previous directorships and shareholdings. These are outlined in the table below.

Previous Directorships and Shareholding of MFL

Date	Director	Shareholder	Shareholding
24/07/2013	Neryl Butterworth	Neryl Butterworth	1,000
13/12/2013	Steven Robertson	Steven Robertson	999
		Neryl Butterworth	1
17/07/2015	Steven Robertson	Steven Robertson	1,000

Source: New Zealand Companies Office

Mr. Robertson advised us that MFL conducted the same business activity as outlined above for PTT. Further, we were advised that the purpose of establishing MFL as a separate company was to get Mr. Robertson's name back into the marketplace and gain credibility.

Our initial investigations show that shareholdings were being sold to various clients for specific percentages of MFL. For example, Client C invested \$300k for a 10% shareholding in MFL.

More recently MFL had begun executing loan agreements with clients, whereby clients apparently agreed to loan MFL amounts of money for a stipulated interest rate and for a fixed duration.

For example, Client D loaned MFL \$50k at 10% interest p.a. however, no duration was recorded in this agreement.

Based on our preliminary investigations into the business activity we understand MFL began actively trading in early 2014.

GML (previously CR Trustees No. 4 Limited)

GML was incorporated on 3 February 2011. According to the Companies Register, Ms. Elimear McGrath was the director and 100% shareholder of GML. She was also Mr. Robertson's secretary based at the central Auckland office. Mr. Robertson advised that Ms. Elimear McGrath's position as director was as a nominee director only. We have since learned that Ms. McGrath has recently left New Zealand to return to Ireland.

Mr. Robertson advised that GML was set up originally as a shelf company, which was going to offer currency trading and commodity trading education system packages. We have been advised that GML did not have any marketing material and has only completed a small number of transactions.

AIL

AIL was incorporated on 28 July 2015. According to the Companies Register, Mr. Robertson is the sole director and 100% shareholder of AIL.

Mr. Robertson advised that this entity was set up to use as a channel to expand the business activity of PTT and MFL internationally. No active trading had commenced at the date of our appointment.

The only transaction of note to take place was in relation to one client's purchase of shares in AIL for \$125k.

SRFT

The SRFT was set up in November 2007. We have been advised that its sole purpose was the purchase of the Robertson family home at 73-75 Woodhill Park Road, Waimauku. We were advised that Mr. Robertson's co-trustee resigned following the appointment of receivers and at present, the only trustee of the SRFT is Mr. Robertson.

Group Structure (cont'd)

During our review of PTT Group's records we identified seven further entities that were linked to Mr. Robertson and his previous business activities. We have sought to understand the general nature of these businesses as part of our investigation. They are:

Romo Limited (previously Morrison Ross Limited) ("Romo")

Romo was incorporated on 19 August 2002. According to the Companies Register, Daniel O'Brien was the sole director and 100% shareholder of Romo. We understand Daniel O'Brien's was a contractor employed by Romo. We have been advised that Romo sold software packages giving technical suggestions on managing a portfolio on the Australian Stock Exchange. Romo was placed into liquidation on 3 September 2008 and subsequently struck off the register on 6 December 2008.

Velco Limited ("Velco")

Velco was incorporated on 22 March 2004. According to the Companies Register Mr. Robertson was the sole director and 100% shareholder of Velco. Velco remains on the Companies Register, but we understand it is not currently trading. Mr. Robertson advised Velco had purchased a property at 12 Marine Parade, Herne Bay, Auckland. We understand Velco was a Loss Attributing Qualifying Company ("LAQC"). This property was subsequently sold to the SRFT and then onto an independent third party.

Vintage 11 Limited ("Vintage")

Vintage was incorporated on 18 July 2006 and, based on the Companies Office register, Mr. William Johnstone was the sole named director and 100% shareholder of Vintage. Mr. Johnstone was the director of the previous corporate trustee (Xavier Trustees Limited) to the SRFT. Mr. Robertson advised that Vintage undertook few transactions. This entity was struck off the register on 22 June 2010.

Harrington Group Limited (previously Russell and Brown Limited) ("HGL")

HGL was incorporated on 6 September 2006. Mr. Robertson advised that HGL primarily sold a software package called "The Programme", which

assisted people in portfolio management on the Australian Stock Exchange ("ASX").

The Companies Register shows that Mr. Robertson was the sole director and shareholder of HGL, which was placed into voluntary liquidation on 28 March 2014 and subsequently struck off the register on 28 January 2015. We are advised by Mr. Robertson that part of the reason why HGL was placed in liquidation was the adverse reaction clients had to an article published about the business by Fairfax Media.

At some time between 2009 and 2010 Mr. Mark Robertson of Mangakino became a 30% shareholder of HGL. On or about 13 March 2014 Mr. Mark Robertson's shareholding was transferred back to Mr. Steven Robertson.

Lachlan Limited ("Lachlan")

Lachlan was incorporated on 19 April 2007 and, based on the Companies Register, Mr. Robertson was the sole named director and 100% shareholder of Lachlan. This entity was a LAQC but did not transact or hold any property. This entity was struck off the register on 28 June 2008.

Connolly Group Limited ("CGL")

CGL was incorporated on 9 February 2009 and, based on the Companies Register, Mr. Robertson was the named sole director and 100% shareholder of CGL. Mr. Robertson advised that this entity sold data and provided updates on the markets to clients. CGL may have also held property at some point, however, this is not confirmed. The entity remains an active company on the register, however, we understand is not actively trading at this time.

Armstrong Group Limited ("AGL")

AGL was incorporated on 9 July 2010 and, based on the Companies Register, Ms. Angelique Epstein was the named sole director and 100% shareholder of AGL. We understand Ms. Epstein was an employee of AGL.

Based on documents reviewed, AGL appears to have been trading in Australia offering the 'Precision Trader' programme that was also sold by HGL. This entity was struck off the register on 20 July 2012.

A summary of these entities in date order is attached as **Appendix 2**.

Business Operations

Premises

The business activities of the PTT Group were conducted from two office locations, one located at Unit 2, 190 Main Street, Kumeu; and the second at Level 16, 191 Queen Street, Auckland CBD. We have been advised that recently the Kumeu premises have been primarily used as an administration office with a few telemarketers located there, and customer service and back office functions, such as payroll and accounts payable, being conducted there. The central Auckland premises were more recently used by the sales team, who aimed to convert any leads generated by the telemarketers into sales.

Employees and Contractors

We have been advised that all employees were considered key staff, with the majority of Kumeu based employees working part-time. Ms. Sharon Lawson was the office manager at Kumeu.

Ms. Elimear McGrath was Mr. Robertson’s secretary based at the central Auckland office. It appears that a number of sales staff based in the central Auckland office were contractors paid by way of wages and commissions.

There was a high turnover of staff within the sales team. Mr. Robertson advised that there were a number of different key staff members over the years of trading.

Overview of business activity

We now provide a brief overview of how the PTT Group targeted prospective clients. The PTT Group had telemarketing staff who would cold call ‘targets’. They had a script used to entice the purchase of an alert signal system (the most recent business activity as advised by Mr. Robertson). Alternatively the first point of contact would be a brochure mailed to the target, who would subsequently be called by telephone.

The staff member would outline the steps involved to trade in forex margins or commodities for the client. Once an agreement was reached regarding the price of such product, the telemarketing staff provided this information to the sales team and/or Mr. Robertson to complete relevant paperwork (in what seems to be the form of a contract and registration, see a redacted example in **Appendix 3**) and to process payment of an upfront fee obtained from the client.

The standard agreement was usually for a three year term with the client to receive trading alerts once a day. Some more expensive “VIP” packages were sold with unspecified terms.

The alert signal system purchased would see the client set up an account with a recommended trading platform, such as CMC Markets or Halifax, and place further funds into this account to trade with. The client would then wait to receive the electronic message (sent via text or email) advising them when they should buy/sell currency and/or particular commodities.

Mr. Robertson appeared to have been directly responsible for sending these alerts to be sent to clients for buying/selling currency/commodities. An example of a typical text message/email alert would be: “*Trade is as follows; Sell NZD / USD @ 0.6599 (Stop loss 15 pips take profit 30 pips)*”.

Financial records

Notwithstanding the number of entities within the PTT Group which appear to have documentation showing business trading histories, we have only sighted financial statements for PTT and SRFT. PTT Group’s current accountants, Cleaver Partners, have advised that no financial statements have been prepared for the other entities in the Group. It would appear that PTT was the most active of the trading entities within the PTT Group over the past two years.

Bank accounts

The only New Zealand based bank accounts of the PTT Group that we are aware of are listed in the below table. We have identified a potential bank account located in Australia, however, we are yet to receive confirmation of this. The NZ accounts are discussed in further detail later in this report.

Bank Balances as at 14 August 2015

Bank	Account Holder	Balance ('000's)
ANZ	Steven Robertson	4
ANZ	Lisa Robertson	110
ANZ	Lisa Robertson	0
ANZ	Lisa Robertson	6
ANZ	Steven Robertson Family Trust Mortgage	(1,221)
Westpac	Maxwell Foster Limited	11
Westpac	Alba International Limited	40
Westpac	Steven Robertson	0

Source: Correspondence with the bank

Section 4

Outline of Preliminary Investigations

Outline of Preliminary Investigations

Appointment

Upon our appointment on 14 August 2015, we accompanied the Financial Markets Authority (“FMA”) representatives to the Robertson’s family home on to advise Mr. Robertson of the appointment of receivers to the PTT Group and secure the assets of the PTT Group.

Our immediate priority was to locate and secure any assets that could be linked to PTT Group at the Robertson family home. Assets secured are broadly set out in three categories, namely artwork, furniture and ornaments. A full list of assets secured can be found in **Appendix 4**.

There were four vehicles on site at the Robertson family home, as listed in the table below. Given the ongoing requirements that the Robertson family have in regards to their children we agreed to leave two vehicles in the Robertsons’ possession, noting with Mr. and Mrs. Robertson that they were still subject to the Court’s asset preservation orders.

Motor Vehicles Registered to the PTT Group

Vehicle	Registration	Registered to	Valuation	Current location	
2014 Mercedes-Benz CLS350	HUE316	Steven Robertson Family Trust	c.\$85k	Turners	1
2005 Bentley Continental	GGJ297	Lisa Robertson	c.\$85k	Turners	1
2006 Audi Q7	DRA696	Steven Robertson	c.\$40k	Robertson family home	2
2007 Mercedes-Benz CLS	DYF355	Steven Robertson	c.\$20k	Robertson family home	2

Notes:

1 Turners valuation provided

2 As per Mr. Robertson’s sworn affidavit at 1 September 2015

Jewellery was collected from the Robertson family home and valuations have subsequently been obtained. Further to the High Court’s orders of 20 August 2015, Mrs. Robertson’s wedding ring was returned to her possession.

The Kumeu office was visited to view the assets at the premises and secure the site. We proceeded to take photographs of items within the office and change the locks to the premises to ensure security was not compromised.

A press statement was released to media on 14 August 2015 advising of our appointment and requesting clients and other stakeholders contact us.

Premises

Trading Premises of the PTT Group

Premises	Lease agreement	Current position
Unit 2, 190 Main Street, Kumeu	No lease documentation	Exited premises, assets secured
Level 16, 191 Queen Street, Auckland CBD	Deed of Lease executed with MFL	Exited premises, assets secured

During our discussions with the landlord of the Kumeu office, it was made clear that there was no documented lease agreement in place and instead a verbal agreement existed for the lease to be on a month by month basis. The landlord advised that the rental was two months in arrears and given the current circumstances the landlord wanted to exercise his right to terminate the agreement. Arrangements were made with a third party to collect the PTT Group assets on site, which consisted of miscellaneous office furniture. Access to the Kumeu premises was handed back to the landlord.

There is a Deed of Lease in place with the landlord of the central Auckland office premises, which was executed with MFL on 20 January 2015 with a one year term. We were advised by the landlord that, in light of the receivership, the landlord is entitled to exercise its right to terminate the lease agreement. Unless further rental was forthcoming, in which case the landlord would consider allowing the lease to continue for September 2015, the landlord only agreed for MFL to remain in the premises until the close of business on 31 August 2015. This position was informally discussed with Mr. Robertson on 27 August 2015. Arrangements were made with a third party to collect the PTT Group assets on site, which consisted of miscellaneous office furniture. Access to the Auckland premises was handed back to the landlord.

PTT Group records

PTT Group records were collected by the FMA under search warrants granted by the Court to assist in their investigations. The FMA provided us with access to these documents for review from 21 August 2015.

Our initial observations indicate that the different entities within the PTT Group did not operate entirely independently of each other. Client funds were transferred between entities on a regular basis, as explained later in this report.

Outline of Preliminary Investigations (cont'd)

For example, PTT sales operations were conducted from the central Auckland office, whilst rental payments for the premises were paid from both PTT and MFL bank accounts.

It is apparent from our investigations to date that various PTT Group entities were used to conduct the business, without particular regard to the legal status and intended function of each entity. For example, we have identified employment contracts in the name of HGL for employees who are now employed by PTT; however we have not found any evidence that new employment contracts were entered into.

We also noted from our review of the PTT Group documents that some clients receive documentation under various entities' names. For example, Client E purchased a currency trading programme from HGL and was subsequently issued, some years later, a credit note from MFL.

We would ordinarily expect a business of this nature to have a reliable database recording client details and the specific products that have been purchased and the purchase price. PTT appears to have a paper based record for each individual client. However, there seems to be no central electronic database containing all these details, but rather various excel spreadsheets exist which outline various sales completed by a number of different sales staff over the years.

Mr. Steven Robertson

Pursuant to section 261 of the Companies Act 1993 we examined Mr. Robertson at PwC's offices on 27 August 2015. The interview was conducted under oath and its duration was approximately 1 hour and 40 minutes. We refer to Mr Robertson's advice during the interview through this report.

We understand that Mr. Robertson is not an Authorised Financial Advisor and through the PTT Group offered software to clients or provided alert signals to clients recommending when to buy/sell currency and/or commodities. Clients then completed transactions on their own accord. It is clear from the communications between clients of PTT Group and Mr. Robertson that clients relied on the alert signals for their trading decisions.

Clients/Investors

Since our appointment we have taken the following steps to open lines of communication with PTT Group clients:

- We have set up a dedicated webpage for PTT Group clients to access within the PwC website. This can be found at www.pwc.co.nz/ptt.
- We have received a number of enquiries through the website to date and have endeavoured to respond to these in a timely manner.
- We have also set up a dedicated phone message line (09) 355 8023 for clients/investors to contact us and this is cleared regularly.
- We will update the webpage when appropriate to ensure clients/investors remain informed regarding our role and the status of the PTT Group. The FMA has also provided updates via its website.
- The FMA has also received enquiries from clients/investors and these are being responded to by the FMA and also, where appropriate, referred to us.
- We provide the media with press releases as and when it is necessary and appropriate.

We have received a number of requests for repayment of funds, which we have not been empowered to act upon. No payments or distributions can be made at present. Similarly, no action can be taken on any trading instructions provided by clients to PTT Group while the current High Court orders are in place.

Our primary role as we undertake our investigation, is to identify and preserve assets consistent with the asset preservation orders of the Court.

We have identified a spreadsheet named “Client Database 2” containing approximately 1000 client names and contact details. Further to this, a review of the third party deposits placed into PTT Group bank accounts for the period 17 June 2013 to 14 August 2015 show approximately 571 deposits. Mr. Robertson has estimated the number of existing clients to be 460 in his sworn affidavit of 1 September 2015.

These deposits may be categorised as the purchase of one or more products from the PTT Group, shareholder investment funds, third party loans and other unspecified deposits.

A sample of the products clients purchased from the PTT Group are shown in the table below.

Example of PTT Group Products

Purchased	Amount	Licence period	Contract Type
Commodities	\$ 5,750.00	3 years	Standard
FX	\$ 17,250.00	5 years	MBG
FX	\$ 5,750.00	3 years	MBG
FX Club	\$ 5,000.00	not specified	awaiting paperwork
Gold	\$ 2,300.00	not specified	no contract
Gold	\$ 5,750.00	3 years	Standard
Lifetime Upgrade	\$ 5,750.00	not specified	CC Authorisation
Share trader	\$ 5,750.00	not specified	1/3 1/3 1/3 offer
Share Trader & Trading Account	\$ 27,250.00	not specified	Standard
VIP Program	\$ 10,000.00	Not specified	no contract
VIP Upgrade	\$ 3,450.00	3 years	Standard
VIP Warrenty Program	\$ 2,300.00	3 years	MBG

Source: PTT Group VIP list spreadsheet

Clients/Investors (cont'd)

Electronic company records suggest that many clients may not have understood what they were being sold. Many clients believed they were ‘investing’ in the product with PTT Group and therefore should the product not work as suggested or not yield the profits promised they were entitled to request a refund of not only the initial up-front cost but any subsequent trading funds as well.

Mr. Robertson conceded that there may have be times where either he himself or his sales staff implied trading could be done on behalf of the client in order to complete a sale. We were also advised that there was a period of time where sales staff would include trading funds in the purchase price of a product and combine this in a single contract. Mr. Robertson advised us that this should not have occurred and that when he was made aware of the activity an internal audit was carried out. We are yet to find any documentation of such internal audit taking place.

It is apparent that Mr. Robertson subsequently contacted clients during from March 2015, advised there had been an error, and requested a loan agreement be executed in respect of any trading funds held by the PTT Group which could not immediately be repaid. Based on our discussions with previous and current clients, it seems clients felt compelled to sign such loan agreements in an effort to try and ensure that their funds would be returned.

There is a current dispute between Client F and PTT which is going through the Disputes Tribunal. In Client F’s explanation of the dispute, he states he felt coerced into purchasing the product and could not get it to work, partly due to his lack of computer knowledge and experience. Based on this he requested that his money to be refunded. Mr. Robertson then advised that he would use the funds in a ‘private funding scheme’ of his own and revert back to Client F every three months with an update on the investments. Client F is bringing the claim based on misrepresentation and relying on the Fair Trading Act 2013 and Consumer Guarantees Amendment Act 2013.

Below is a schedule outlining the third party deposits that were received by entities within the PTT Group above \$20k over the period from June 2013 to August 2015. We infer by their size that these funds generally represent third party loans, shareholder investments funds, other unspecified deposits and funds put in by clients other than for the Group’s standard products. However, some deposits listed may possibly represent clients’ purchase of multiple products in one transaction.

Third Party Deposits over \$20k

Entity	Deposit Received	Number of Deposits	Value of Deposits
AIL	125	1	125
Total AIL			125
MFL	102	1	102
MFL	50	4	200
MFL	40	1	40
MFL	27	1	27
MFL	25	2	50
MFL	22	1	22
MFL	20	5	100
Total MFL			541
PTT	195	1	195
PTT	50	4	200
PTT	45	1	45
PTT	32	1	32
PTT	30	2	60
PTT	29	1	29
PTT	26	1	26
PTT	25	2	50
PTT	23	5	115
PTT	21	2	41
PTT	20	4	79
Total PTT			872
Mr. Robertson	300	1	300
Total Mr. Robertson			300
TOTAL FUNDS RECEIVED IN DEPOSITS OVER \$20k			1,838

Source: Bank statements.

Clients/Investors (cont'd)

As a cross check, of those deposits we have identified as being over \$20k, we have counted the proportion for which the narrations are more consistent with the receipts being on account of sales, along with those receipts for which the narrations are more consistent with other forms of third party deposits (such as 'investments', 'loans' or 'shares'). From this cross-check analysis we have identified approximately 87% of receipts over \$20k comprising non-sale third party deposits or receipts from investors without any accompanying narration.

Purchase of shares

Mr. Robertson advised that he would have presented the proposition of purchasing shares in a number of entities within PTT Group to clients as an investment, advising them that he was looking to expand the business. This included a proposal to expand internationally, and in particular to the Canadian market through AIL. Mr. Robertson advised that shareholdings were on a nominee basis. There is no clear indication as to what the motivation for investing in nominee shareholdings was for these clients.

Mr. Robertson advised that those shareholders who had invested were long time clients or friends of Mr. Robertson. Although we were able to locate some shareholder agreements, not all agreements were fully executed and some had information missing. Further, a search of the electronic data was unable to yield any records or a schedule of shareholders within the PTT Group.

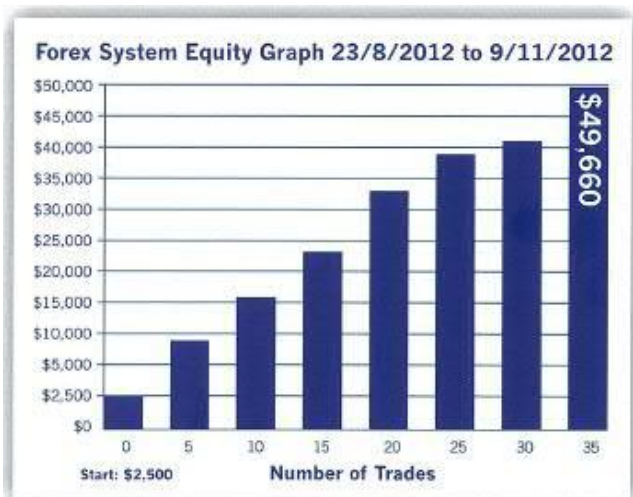
Communication with clients

A number of clients have contacted us to discuss the nature of their business dealings with Mr Robertson and the PTT Group. Of those, most have requested a refund of the monies they put forward and/or an explanation as to why Mr. Robertson had not responded to their correspondence requesting such refunds for some time.

Electronic records of sales and client information are currently being extracted to ensure all clients are contacted in order to provide them with an outline of matters and to give them further information regarding filing of a claim should they wish to do so. Further work is required to ascertain the exact current client base as distinct from those people who may have been previous clients of PTT Group. A paper file for each individual client is held by PTT Group.

To date, we have received 10 formal claims from clients/investors with a total value of NZD\$291.2k and AUD\$39k. There are further clients/investors who are known creditors but are yet to file a formal claim in the Receivership.

Marketing/Sales



Source: PTT marketing brochure



'...the idea is to always be taking small regular profits, in and out, with brokerage fees as low as \$10 per trade. It's easy, effective and financially rewarding.'

Source: PTT marketing brochure

Various versions of PTT Group marketing material and brochures were located.

At left are two graphical extracts from PTT brochures relating to forex trading (refer to **Appendix 6** for a copy of the complete PTT brochure).

As can be seen, potential clients were led to believe that significant profits – recorded with specificity (\$49,660 and \$39,239) – could be made from a \$2k or \$2.5k starting amount. Mr. Robertson was unable to be definitive as to the basis for these projected returns. He did confirm, however, that the projected returns did not come from the PTT Group's own trading. He thought they may have been "back tested results". He noted that he had some time ago requested permission to use an existing client's trading history with PTT, and also thought they could have come from those figures.

As noted above, Mr. Robertson was responsible for approving and/or sending the alerts to clients. Mr. Robertson possesses no forex trading qualifications and could not point to any relevant forex trading experience. None of the PTT Group entities hold any proprietary software for generating trading recommendations. Rather, alerts were sent to clients based on Mr. Robertson's reading of news commentary, including reviewing the "global announcement calendar" and drawing on the opinions of other investment providers.

The question therefore arises as to whether Mr Robertson had a proper basis to represent that such high returns were realistically achievable.

Concern about other representations made to potential customers arises from the "script" sales staff were required to use when trying to 'close a deal' (refer to **Appendix 7** for a copy). For instance, sales staff would advise potential clients that there was a 70% strike rate for trades to be positive, also advising that the profits are "large and instantaneous".

Sales staff were also provided a script relating to "rebuttals" in order to respond to potential clients who were not interested. For example, where a potential client makes a comment around trading being "too risky" the answer the sales staff are to give include stating that risk is eliminated due to "Risk Analysis" being conducted.

In an attempt to close deals, sales staff were encouraged to invoke urgency as a sales technique; for instance by stating that "we only have a small handful left" or "our boss has just informed us that there are 5 left, closing on the next business day".

Potential clients were also advised that should they not make a certain profit (for example, at least \$20k) within a 12 month period, the entity would guarantee to refund their initial purchase amount.

Costs of Receivership

The professional costs from the date of our appointment to 31 August 2015 are summarised in the table below. Please note these amounts are exclusive of GST.

Services	Amount
Receivers' fees	65,860
Receivers' general expenses and disbursements	4,159
Legal fees: Chapman Tripp	28,112
Legal general expenses and disbursements	1,112
	99,243

Additional costs have been incurred relating to jewellery valuations and the procurement and storage of assets.

As per the Court orders, no fees have been paid to date and no costs have been actually charged against any of the assets of the PTT Group, however, costs and disbursements have been accrued by the Receivers, the Advisors and the Receivers' legal counsel, Chapman Tripp. We await the hearing on 4 September 2015 to determine how to proceed as regards to the recovery of costs.

Section 5

Financial Analysis

Financial Statements Analysis

We have been advised by PTT Group's current accountants that annual financial statements have been prepared for PTT and SRFT only. They have provided us with copies of these financial accounts.

PTT

The only financial statements produced by the accountants for PTT are as at 31 March 2014. We have been provided the financial statements from the accountant but they are not signed.

We have been provided access to PTT's Xero accounting system in order to download an estimate of the current financial position and review PTT's recorded transactions. Based on PTT's bank accounts being closed in June 2015, the final month of Xero records that has been reconciled is May 2015.

Balance Sheet

A summary of the PTT Balance Sheet as at 31 May 2015 is below:

PTT Limited (in Receivership) Balance Sheet As at 31 May 2015

\$000s	May-15	May-14	Mar-14
Assets			
Current Assets	400	337	554
Non-Current Assets	139	136	21
Total Assets	540	472	575
Liabilities			
Current Liabilities	(608)	(701)	(15)
Non-Current Liabilities	(22)	(22)	(538)
Total Liabilities	(630)	(723)	(553)
Net Assets	(91)	(251)	22
Equity			
Current Year Earnings	(37)	353	-
Owner A Drawings	(1,099)	(1,023)	-
Owner A Funds Introduced	683	410	-
Retained Earnings	362	9	22
Total Equity	(91)	(251)	22

Source: 2014 is based off the 2014 financial statements provided by Cleaver Partners Limited. Mar 2015 and May 2015 has been downloaded from Xero

Current Assets

Current assets includes c.\$351k owing from MFL. We assume this relates to the various transactions where PTT provided funds to MFL.

Whether MFL would be in a position to make full repayment of this to PTT is unclear.

Non-Current Assets

Assets include a vehicle (Mercedes HUE316) which is registered to Mr. Robertson representing the SRFT. We understand from information obtained from Heartland Bank that the equity in this vehicle is c.\$26k.

We have also been advised a payment of \$1.3k has been made to Heartland Bank on 1 September 2015 in relation to an overdue car payment for the Audi Q7, registration DRA696.

Current Liabilities

Current liabilities comprise predominantly of short-term loans. The narrations in Xero relating to these transaction's use words such as "shares" and "loan" as their description.

When viewed in conjunction with the bank statements, a number of the transactions reflect the descriptions used and amounts received from third party deposits. For example, Client G transferred \$50k to PTT on 3 June 2014. The narration 'loan' was recorded on the bank statements and this can be seen in the Xero accounts which also use the narration 'loan'.

Equity

'Owner A Drawings' represent drawings taken by Mr. Robertson. The balance of the drawings totals c.\$1.099m. This account represents the total funds withdrawn by Mr. Robertson over the period October 2013 to 31 May 2015. Included in this amount are transfers to Mr. Robertson's personal accounts, Mrs. Robertson's personal accounts and miscellaneous personal expenditure paid for by PTT.

Mr. Robertson has advised that some of the transactions under this account may not be accurate but he could not comment further, stating that his lack of accounting knowledge restricted him from doing so.

Financial Statements Analysis

‘Owner A Funds Introduced’ represents funds that Mr. Robertson has introduced to PTT. Over the period 7 November 2013 to 31 May 2015 a total of c.\$683k has been introduced to PTT. However, when reviewing the individual transactions in the Xero accounts there seem to be some anomalies. Various transactions, with narrations such as ‘Steve cash’, ‘Loan 7 Day’, and a number of credit card merchant deposits, are categorised as “introduced funds”. There are, however, more likely to be sales to customers or short-term loans from customers. There are also transactions which seem to be funds from Mrs. Robertson classified as ‘Owner Introduced Funds’.

Profit and Loss

A summary of the PTT Profit and Loss for the periods ending 31 March 2014, 31 March 2015 and 31 May 2015 is in the table below.

PTT Limited (in Receivership)

Profit and Loss

\$000s	May-15 2 mths	Mar-15 12 mths	Mar-14 8 mths
Income	104	1,190	423
Cost of Sales	(66)	(380)	(202)
Gross Profit	39	810	221
Operating Expenses	(76)	(456)	(199)
Net Profit	(37)	353	22

Source: 31 March 2014 is based off the 2014 financial statements provided by Cleaver Partners Limited. 31 March 2015 and 31 May 2015 has been downloaded from Xero

From our initial investigations it appears that a higher proportion of the loans are recorded as income, whereas the higher value deposits appear in the balance sheet, reflected as short term loans or ‘Owner A Funds Introduced’.

The Cost of Sales includes employee costs and commission charges paid to contractors.

A shareholder salary amounting to \$80k is included as an operating expense in 2014. Based on the drawings for the period of \$534k, and the shareholder salary, Mr. Robertson received a total of c.\$614k during the year ended 31 March 2014. For the 12 month period ending 31 March 2015, based off the Xero accounts, the major operating expense was travel, totalling c.\$105k.

MFL

MFL’s accountants confirmed that no financial statements have been produced for MFL. MFL’s accountants advised a Xero accounting system was set up for MFL. We have been provided access to the Xero accounting system for MFL, however, as advised no transactions have been recorded for the entity in Xero.

Based on the bank statements, at the date of receivership there was \$11k held in a Westpac Bank account under MFL’s name. No other assets have been noted as owned by MFL.

AIL

AIL’s accountant s confirmed no Xero accounting records were set up for AIL, nor were financial statements produced for AIL. The bank account for AIL was opened on 30 July 2015 and at the date of receivership, had a cash bank of c.\$40k.

Mr. Steven Robertson

There are no personal financial accounts for Mr. Robertson. Mr. Robertson holds c.\$4k in two known bank accounts with ANZ and Westpac as at the date of receivership. From a motor vehicle registration search Mr. Robertson is the registered owner of two vehicles.

Mrs. Lisa Jane Robertson

There are no personal financial accounts for Mrs. Robertson. Mrs. Robertson holds c.\$116k in three known bank accounts as at the date of receivership. These accounts are all held with ANZ. From a motor vehicle registration search, Mrs. Robertson is the registered owner of one vehicle, in respect of which the finance lease is serviced from her personal bank account.

Financial Statements Analysis (cont'd)

Steven Robertson Family Trust

Balance Sheet

The Steven Robertson Family Trust (in Receivership)

Balance Sheet

As at 31 March 2015

\$000s	Mar-15	Mar-14
Assets		
Current Assets	0	0
Non-Current Assets	1,973	1,973
Total Assets	1,973	1,973
Liabilities		
Current Liabilities	(988)	(959)
Non-Current Liabilities	(1,197)	(1,226)
Total Liabilities	(2,186)	(2,186)
Net Assets	(212)	(212)
Trust Equity		
Trust Equity	(212)	(212)
Trust Equity	(212)	(212)

Source: 2015 financial statements prepared by Cleaver Partners Limited.

Assets

The SRFT's only asset is the property located at 73-75 Woodhill Park Road, Waimauku.

Liabilities

From the bank accounts known to be held by SRFT, there is a loan with a balance owing of c.\$1.2m. We understand that this is secured by way of mortgage to ANZ Bank. The borrowings are recorded on the above statement as a non-current liability. The loan relates to the Robertson family home situated at 73-75 Woodhill Park Road, Waimauku, which has a rateable value of \$1.9m as at 31 March 2015.

From a motor vehicle registration search the SRFT is the registered owner of one vehicle (Mercedes HUE316). The vehicle is included in the PTT balance sheet and the finance relating to this vehicle is paid directly from PTT bank accounts.

Profit and Loss

Per the accounts provided by the SRFT's accountants, there was a Statement of Financial Performance completed, with no transactions recorded.

Bank Statement Analysis

Bank accounts have been identified for each of the entities in receivership. We have analysed the transactions that have occurred between June 2013 and August 2015 based on the bank statements. A summary of the details of each PTT Group entity bank account is set out below.

Bank Statements Reviewed For the period 1 June 2013 to 14 August 2015

Account Name	Bank	Date Opened/ Reviewed from	Date Closed	Opening Balance From First Bank Statement Received	Receipts	Payments	Balance at Date of Appointment
PTT	ANZ	01-Jun-13	20-Nov-14	-	2,648,611	(2,648,611)	-
	BNZ	21-Oct-14	04-Jun-15	-	1,249,028	(1,249,028)	-
MFL	ANZ	16-Dec-13	22-Jul-15	-	1,449,143	(1,449,143)	-
	BNZ	28-Nov-14	17-Jun-15	-	47,380	(47,380)	-
	Westpac	17-Jul-15	N/A	-	82,438	(71,192)	11,246
GML	BNZ	29-May-15	N/A	-	5	(5)	-
AIL	Westpac	30-Jul-15	N/A	-	125,020	(85,310)	39,710
Mr. Steven Robertson	ANZ	pre 17-Dec-13	N/A	8,835	655,812	(660,776)	3,870
	BNZ	28-Nov-14	16-Jun-15	-	306,253	(306,253)	-
	Westpac	03-Jul-15	N/A	-	500	(270)	230
Mrs. Lisa Jane Robertson	ANZ - 50	pre 19-Oct-13	N/A	2,835	249,418	(142,524)	109,729
	ANZ - 51	18-Feb-14	N/A	-	157,485	(157,148)	337
	ANZ - 54	16-Jun-15	N/A	-	6,417	(3)	6,414
	Kiwibank	pre 12-Aug-13	05-Mar-14	2,443	37,521	(39,964)	-
SRFT	ANZ	22-May-13	N/A	-	-	-	(1,221,050)
							(1,049,514)

Source: bank statements and responses from bank sweeps sent to banks on 14 August 2014

We have been advised that Mr. Robertson was the sole signatory on all MFL bank accounts, while Ms. Sharon Lawson was the sole signatory on all PTT accounts. Although Ms. Lawson was the signatory, Mr. Robertson had internet banking access to the accounts, by which personal expenditure payments and cash withdrawals were actioned. Mr. Robertson advised that he believed all the PTT Group bank accounts belonged to him due to his position as managing director and he conducted transactions accordingly.

PTT

Receipts and Payments

We have attempted to categorise all receipts and payments recorded in the bank statements we have received to date. The result of this work is summarised below. We note this is only our initial analysis and therefore the numbers could be subject to change.

PTT Limited (in Receivership) Receipts and Payments For the period 31 May 2013 to 4 June 2015

000's	ANZ	BNZ	TOTAL
Receipts			
Third Party Client Deposits	2,456	942	3,398
Receipts from MFL	96	83	178
Receipts from Mr. Robertson	30	149	178
Receipts from Mrs. Robertson	20	50	70
Other	47	26	73
Total Receipts	2,649	1,249	3,898
Payments			
Payments to MFL	(300)	(219)	(519)
Payments to Mr. Robertson	(354)	(39)	(393)
Payments to Mrs. Robertson	(150)	(89)	(239)
Identifiable Personal Expenditure and Entertainment	(382)	(92)	(474)
Credit Card Payments	(146)	(53)	(200)
Unidentifiable Cash and Cheque Withdrawals	(324)	(104)	(428)
Payments to Third Party Clients	(280)	(129)	(409)
Business Expenses	(700)	(492)	(1,192)
Car Payments	(12)	(32)	(45)
Total Payments	(2,649)	(1,249)	(3,898)
Balance	-	-	-

Source: Bank Statements

Figures are based off PwC analysis of bank statements.

Bank Statement Analysis (cont'd)

ANZ bank account

The ANZ account was opened in May 2013 and was the primary account used by PTT through to October 2014, when the number of active transactions dropped. The bank account was subsequently closed on 20 November 2014. From our investigations, we can see the bank account received funds from third parties on a regular basis. We have been advised these third party deposits are sales, proceeds from the purchase of shares in PTT, third party loans or funds belonging to clients and provided to PTT for investment.

During the period the bank account was open, deposits totalled c.\$2.65m, and withdrawals totalled c.\$2.65m. A total of 2,424 individual transactions were recorded through the account. For the period July 2013 to October 2014, which was the duration the ANZ account was open, an average of 150 transactions occurred per month.

Of the c.\$2.65m referred to above, c.\$2.46m was received from 336 deposits. These appear to be third party deposits. We have analysed this based on deposits from individuals and private companies, with client funds references including such phrases as 'gold', 'trading', 'shareholder' and 'shares'. Further we have identified amounts totalling c.\$354k which were subsequently transferred to Mr. Robertson's known personal accounts, c.\$150k transferred to Mrs. Robertson's personal accounts and c.\$382k was withdrawn on identifiable personal expenditure and entertainment. These items include expenses such as restaurants, travel and food.

From our investigations we have found that c.\$324k was withdrawn through unidentifiable cheques and cash withdrawals that we have been unable to trace at this time. A further c.\$146k related to credit card payments and c.\$12k related to instalments due on vehicle financing.

BNZ bank account

A BNZ account was opened in October 2014, and was the primary account used by PTT from November 2014 to June 2015 at which date the PTT accounts were closed.

During the period the bank account was open, we have identified deposits totalling c.\$1.25m, and withdrawals totalling c.\$1.25m. There were approximately 1,071 transactions running through the account with an average of 153 transactions per month.

Of the above deposits, we have identified a total of c.\$942k that was received from 145 deposits from third parties. We have analysed this based on deposits from individuals and private companies, which held references including such phrases as 'commodities', 'membership', 'fx' and 'loan'.

From our investigations we note that c.\$39k was subsequently transferred out to Mr. Robertson's known personal accounts and c.\$89k transferred to Mrs. Robertson's personal bank accounts and credit cards. Identifiable personal expenditure and entertainment of c.\$92k has been paid out of this account.

The BNZ account was closed in June 2015 with a closing balance of c.\$44k. This amount was transferred to MFL upon the closure.

Summary of PTT accounts

During the period PTT had a bank account, a total of c.\$178k was received from MFL. A total of c.\$519k was transferred to MFL.

There do not appear to be any payments to organisations such as CMC Markets that operate as investment platforms.

Bank Statement Analysis (cont'd)

Both the ANZ and BNZ PTT bank accounts include numerous payments being made to Mrs. Robertson.

Mr. Robertson advised that Mrs. Robertson had lent funds to PTT (and other entities within the PTT Group) to assist with paying refunds to clients and therefore the received interest payments from PTT in respect of for these loans.

We have identified receipts from Mrs. Robertson of c.\$70k. to PTT. Of these, we note \$50k was deposited in May 2015, less than one month prior to all PTT bank accounts being closed.

MFL

Maxwell Foster Limited (in Receivership)

Receipts and Payments

For the period 16 December 2013 to 14 August 2015

000's	ANZ	BNZ Westpac	TOTAL	
Receipts				
Third Party Deposits	718	40	63	821
Funds from Solicitor's Trust Account	100	-	-	100
Receipts from PTT	512	7	-	519
Receipts from AL	-	-	19	19
Receipts from Mr. Robertson	81	-	0	81
Receipts from Mrs. Robertson	35	-	-	35
Other	4	0	-	4
Total Receipts	1,449	47	82	1,579
Payments				
Payments to PTT	(144)	(34)	-	(178)
Payments to AL	-	-	(0)	(0)
Payments to Mr. Robertson	(167)	-	(7)	(174)
Payments to Mrs. Robertson	(142)	-	(2)	(144)
Payments to Unknown Mrs. Robertson Account	-	-	(9)	(9)
Identifiable Personal Expenditure	(107)	(6)	(10)	(123)
Credit Card Payments	(462)	-	(1)	(463)
Unidentifiable Cash and Cheque Withdrawals	(97)	(5)	(2)	(105)
Payments to Third Party Clients	(35)	(1)	(5)	(41)
Business Expenses	(268)	(2)	(31)	(302)
Car Payments	(27)	-	(3)	(30)
Total Payments	(1,449)	(47)	(71)	(1,568)
Balance at Bank	-	-	11	11

Source: Bank Statements

Figures are based off PwC analysis of bank statements.

ANZ bank account

MFL opened a bank account with ANZ in December 2013 with an initial deposit of \$100k being received from Glaister Ennor's trust account. From our investigations we note that during the initial stages of trading, MFL had substantially lower numbers of transactions than PTT. However, this trend changed from May 2015 as PTT accounts became less active. The MFL ANZ account was subsequently closed on 22 July 2015.

From our investigations, deposits from third parties appear to have totalled c.\$718k from 60 deposits during the period that the ANZ account was open. These transactions have narrations including phrases such as 'trade', 'fx', 'invest' and 'gold'.

We have identified bank transfers to Mr. Robertson's known personal accounts totalling c.\$167k, bank transfers to Mrs. Robertson's personal accounts of c.\$142k and identifiable personal expenditure totalling c.\$107k.

BNZ bank account

MFL opened a bank account with BNZ bank on 28 November 2014 which was subsequently closed on 17 June 2015. Two deposits totalling \$40k were made by one third party on the 25 March 2015 and 26 March 2015 with c.\$34k of the funds transferred to PTT during this period.

Based on the transactions on MFL's BNZ bank statements, there does not appear to have been much active trading, if any, occurring through this bank account.

Bank Statement Analysis (cont'd)

Westpac bank account

A Westpac account was opened on 14 July 2015; six days after the MFL ANZ account was closed. This was the bank account being used by MFL upon our appointment as receivers.

We have identified deposits totalling c.\$63k, which appear to be deposits received from 12 third parties during this period.

Throughout the time MFL has had a bank account with any bank, there have been no identifiable investments or payments made to entities that operate investment trading platforms.

AIL

Alba International Limited (in Receivership) Receipts and Payments For the period 30 July 2015 to 14 August 2015

000's	Westpac
Receipts	
Third Party Deposits	125
Receipts from MFL	0
Total Receipts	125
Payments	
Payments to MFL	(19)
Payments to Mr. Robertson	(30)
Payments to Mrs. Robertson	(21)
Credit Card Payments	(15)
Business Expenses	(0)
Total Payments	(85)
Balance	40

Source: Bank Statements

Figures are based off Pw C analysis of bank statements.

AIL opened a bank account with Westpac on 30 July 2015 with an initial deposit of \$20. From our investigations we can identify a further deposit from an Client H of \$125k purportedly for the purchase of a 12.5% shareholding in AIL.

We have identified c.\$19k being transferred to the MFL Westpac account. Credit card payments were made of \$15k, transfers to Mr. Robertson's personal accounts were made of \$30k and transfers to Mrs. Robertson's personal accounts of \$21k.

We have been advised by Mr. Robertson that no active trading had commenced in AIL at the time of our appointment as receivers.

GML

A bank account was opened with BNZ on 29 May 2015, however this was closed a short time later.

Mr. Robertson advised that GML did not transact many, if any, sales.

Bank Statement Analysis (cont'd)

Mr. Steven Robertson

Mr. Steven Robertson (in Receivership)

Receipts and Payments

For the period 17 December 2013 to 14 August 2015

000's	ANZ	BNZ	TOTAL
Receipts			
Third Party Client Deposits	-	300	300
Receipts from PTT	256	3	259
Receipts from MFL	143	-	143
Receipts from AIL	30	-	30
Receipts from Mr. Robertson - BNZ	109	-	109
Reversed payments	63	-	63
Other Receipts	55	3	58
Total Receipts	656	306	962
Payments			
Payments to PTT	(5)	(148)	(153)
Payments to MFL	(36)	(45)	(81)
Transfer to Mr. Robertson - ANZ	-	(109)	(109)
Personal Expenditure	(620)	(5)	(625)
Total Payments	(661)	(306)	(967)
Balance	(5)	-	(5)

Source: Bank Statements

Figures are based off PwC analysis of bank statements.

Mr. Robertson primarily used one bank account, but during the period from December 2013 to August 2015, he opened two further accounts, one of which was subsequently closed. Most of the funds received into Mr. Robertson's personal accounts were from PTT, MFL and AIL.

From the table we can see that the majority of funds being deposited in Mr. Robertson's personal accounts were transfers from entities in the PTT Group. Clients funds were generally deposited into the entity's bank account then subsequently transferred to Mr. Robertson's personal bank accounts.

One example of a client's dealing with the PTT Group can be summarised by Client I's transactions. Client I provided funds of \$40k to MFL by way of a third party loan. He then goes on to purchase shares in MFL for \$300k. The \$300k payment can be seen as a deposit in Mr. Robertson's personal BNZ account as payment for the shares being purchased.

We are unsure what motivation the client had for providing the loan or why PTT Group entities required third party funding.

Payments made to the ANZ mortgage account in respect of the Robertson family home at 73 Woodhill Park Road, Waimauku, were made from Mr. Robertson's personal bank account. We can identify from the bank statements that funds are typically transferred from a PTT Group entity in the days leading up to a mortgage payment becoming due to ensure there are enough funds in Mr. Robertson's personal account to make the payment on behalf of SRFT.

Please note, that the receipts from PTT and MFL summarised in the table opposite do not reconcile with the respective entity's receipts and payments as the periods for which bank statements were provided differ to those of the PTT Group entities.

Per PTT bank statements, c.\$133k was transferred from PTT to Mr. Robertson and c.\$24k was transferred from Mr. Robertson to PTT.

Per MFL bank statements, c.\$30k was transferred from MFL to Mr. Robertson.

Bank Statement Analysis (cont'd)

Mrs. Lisa Jane Robertson

Mrs. Lisa Jane Robertson (in Receivership)

Receipts and Payments

For the period 29 October 2013 to 13 August 2015

000's	ANZ	Kiwibank	TOTAL
Receipts			
Receipts from PTT	210	29	239
Receipts from MFL	142	2	144
Receipts from AIL	21	-	21
Receipts from Mr. Robertson	7	1	9
Other Receipts	33	5	39
Total Receipts	413	38	451
Payments			
Payments to PTT	(70)	-	(70)
Payments to MFL	(35)	-	(35)
Personal Expenditure	(192)	(40)	(232)
Total Payments	(298)	(40)	(338)
Balance	116	(2)	113

Source: Bank Statements

Note: the ANZ bank account consists of Mrs. Robertsons three personal accounts, -50, -51 and -54

Figures are based off PwC analysis of bank statements.

Mrs. Robertson had three bank accounts open at the date of our appointment with funds held totalling c.\$116k.

From a review of the bank statements, the primary source of funds received for the period comprised deposits from either PTT, MFL or AIL. At times, funds were received from Mr. Robertson, which we have identified as ultimately being sourced from one of the PTT, MFL or AIL bank accounts.

Mr. Robertson advised that funds transferred to Mrs. Robertson were included as his drawings or were repayments of loans that Mrs. Robertson had previously made to various entities within the PTT Group. As mentioned earlier, Mr. Robertson advised that Mrs. Robertson had loaned one or more entities within the PTT Group funds in order to assist with payment of client funds and on an occasion had assisted with the payment of a debt to the Inland Revenue Department.

From our investigations we have identified a total of \$100k plus a cheque withdrawal of \$31k withdrawn from Mrs. Robertson's account and transferred to entities within the PTT Group, \$50k of which occurred in May 2015. Payments from Mrs. Robertson to any PTT Group entity after this date were only c.\$2k.

Mrs. Robertson is said to have previously worked for HGL but has not been employed by PTT, MFL or AIL. From our investigations we did note there was an employment contract between HGL and Mrs. Robertson. Mr. Robertson has advised Mrs. Robertson was not involved with any PTT Group business dealings.

Steven Robertson Family Trust

The SRFT has a bank account with ANZ, which is a loan account with an outstanding balance of c.\$1.22m. Mr. Robertson has advised this was set up when the property at 73 Woodhill Road, Waimauku was purchased and the ANZ loan is secured via a registered first mortgage over this property. The mortgage payments are made on behalf of SRFT from Mr. Robertson's personal account, in turn funded by his drawings from PTT Group bank accounts.

We understand that the only asset in SRFT is the property identified above.

Estimated PTT Group Position

Summary

During our review and preliminary investigations of the bank statements from the period 1 June 2013 to 14 August 2015, we have not identified any payments made to organisations that operate investment trading platforms.

We identified that there have been numerous and substantial transfers between PTT, MFL, AIL, Mr. Robertson and Mrs. Robertson.

Based on our analysis, it appears there have been approximately 571 deposits from third parties, although this number may include some double counting and excludes bulk credit card payments that were regularly processed and deposited into PTT Group accounts.

The total funds received from third parties across the PTT Group for the period June 2013 and August 2015 totalled c.\$4.44m.

Most, if not all, deposits transferred into Mr. and Mrs. Robertson's personal accounts appear to have come directly or indirectly from PTT, MFL and AIL.

Estimated PTT Group position

An estimated PTT Group asset position as at 14 August 2015 is summarised below.

Estimated PTT Group Financial Position at 14 August 2015

Asset	Estimated Value	Mortgage / Finance	Net Balance	Notes
73 Woodhill Park Road, RD 3, Waimauku	2,600,000	(1,221,050)	1,378,950	1
2014 Mercedes-Benz CLS350	85,000	(58,600)	26,400	2,3
2005 Bentley Continental	85,000	(32,956)	52,044	2,3
2006 Audi Q7	40,000	(15,390)	24,610	3,4
2007 Mercedes-Benz CLS	20,000	-	20,000	4
Jewellery (including rings)	65,890	-	65,890	5
Watches	16,500	-	16,500	5
Contents of Woodhill Park Road	806,700	-	806,700	6
Office Equipment - 190 Main Street, Kumeu	10,000	-	10,000	7
Office Equipment - 191 Queen Street, Auckland	10,000	-	10,000	7
Cash held in bank accounts (excl. mortgage)	171,536	-	171,536	8
	3,910,626	(1,327,995)	2,582,631	

Notes

- 1 Estimated value per Mr. Steven Robertson's sworn affidavit dated 1 September 2015.
- 2 Estimated value obtained from Turners Auctions.
- 3 Finance value per Mr. Steven Robertson's sworn affidavit dated 1 September 2015.
- 4 Finance value obtained from Heartland Bank.
- 5 Jewellery value obtained from independent valuer, JVC Valuers.
- 6 Value taken from 'General Contents Sum Insured' per Crombie Lockwood Contents Insurance policy schedule.
- 7 Office equipment estimated by PwC.
- 8 Per bank statements.

Please note, many of the figures above are based on estimates and are stated before allowing for any costs of realisation and other associated costs.

Section 6

Recommendations and Next Steps

Recommendations and next steps

As outlined earlier, the Court has ordered that we report on the three matters below.

Whether any relevant person not subject to receivership should in our opinion have a receiver appointed

Based on our investigations to date we would have requested HGL to be made subject to receivership. However, given that HGL was placed into voluntary liquidation and subsequently struck off in January 2015, we do not believe there are any relevant entities/persons not currently subject to the orders that should become subject to receivership.

Whether any of the relevant persons now subject to receivership should in our opinion be released from that receivership

In our view, the first five respondents should certainly remain subject to the Court's orders. However, questions do arise with respect to Mrs. Robertson and the SRFT.

Mrs. Robertson holds under her name, by a considerable margin, the largest cash assets of the PTT Group. Financial analysis indicates that these cash assets were acquired from the PTT Group, in many cases directly. The Receivers have not yet been able to ascertain the basis for these payments (for instance, the Receivers have not been able to verify Mr. Robertson's claim that they are loan repayments). In the circumstances, the prospect of claims against those funds remains live.

The SRFT now has only Mr. Robertson as a trustee. It owns the family home, which is the most valuable asset of the PTT Group with approximately \$700k of equity. Mortgage payments have been part funded by withdrawals from PTT Group. In the circumstances, the prospect of claims against the SRFT remains live.

Whether in our opinion the powers granted by the Court's original order should be varied, modified or extended in any way and if so in what way

In determining how to proceed, the cost-benefit of undertaking further investigations, which may not reveal any additional information that would increase the likely recovery to investors need to be considered.

The process also needs to be capable of working alongside any ongoing inquiries by the FMA and/or other regulatory authorities.

The Receivers respectfully propose the following way forward:

The receivership orders presently extend to four incorporated companies. Only two of those companies, PTT and MFL, are actively trading. PTT is the subject of a liquidation petition filed by former investors John and Leigh Frandi under s 241A of the Companies Act 1993, which is scheduled for hearing in the Auckland High Court on 11 September 2015. The total cash assets of the four companies amounts to only c.\$51k. In addition, there are small amounts of office fixtures and furniture of uncertain value.

There is no realistic prospect of any of these companies continuing to trade as they have been doing. In the circumstances, the Receivers suggest that the best way forward would be for them to be appointed as liquidators for the purpose of realising the existing assets and putting forward proposals to investors and/or the Court for the distribution of the net proceeds. A liquidation process would allow the investors to be consulted on both potential distribution models and whether they want additional investigations to be undertaken in relation to other potential assets or claims against the directors or other parties.

In this event, it is suggested that a pooling order under s 271 may also be appropriate. This would allow the liquidators to pool the Group's assets for distribution and coherently investigate any civil claims that the companies may have.

During the period of any liquidation, the assets of Mrs. Robertson and the SRFT should remain subject to the receivership, as these appear to have been funded from, and now represent the most substantial assets of, the PTT Group. The prospect of claims against these assets remains live.

Appendix 1

Restrictions

Restrictions

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

This report has been prepared for the High Court of New Zealand. We specifically disclaim any responsibility to any other party seeking to rely upon this report.

This report is to be placed on the sealed Court file and as such, by order of the Court, may not be disclosed to any party without the leave of the Court after notice of any application to search the Court's file has been given to the applicant and the respondents.

Further, this report is not to be copied or released to any other party without our prior written consent for each party requesting its release.

We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of the PTT Group or related entities. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept and liability whatsoever arising from this report.

The statements and opinions expressed in this report are based on information available as at the date of the report.

We reserve the right, but will be under no obligation, to review or amend our report, if any additional information, which was in existence on the date of this report was not brought to our attention, or subsequently comes to light.

In addition the following should be noted:

- Certain numbers throughout this report have been rounded and therefore do not add exactly; and
- Unless otherwise stated all amounts are stated in New Zealand dollars.

Appendix 2

PTT Group and Related Entities Summary

Appendix 3

Example of PTT Group Contract and Registration Forms

Appendix 4

Assets Secured and Valuations

Appendix 5
***Steven Robertson Examination
Transcript, 27 August 2015***

Appendix 6

PTT Group Marketing Brochure

Appendix 7

PTT Group 'Sales Script'

Appendix 8

Glossary

Glossary of terms and abbreviations

Term	Definition
MFL	Maxwell Foster Limited (In Receivership)
PTL	PTT Limited (In Receivership)
AIL	Alba International Limited (In Receivership)
GML	Gibson McLeod Limited (In Receivership)
SRFT	The Steven Robertson Family Trust
PTT Group or the Group	PTT Limited (In Receivership) Maxwell Foster Limited (In Receivership) Gibson McLeod Limited (In Receivership) Alba International Limited (In Receivership) Mr Steven Robertson (In Receivership) Mrs Lisa Jane Robertson (In Receivership) The Steven Robertson Family Trust
Mr. Robertson	Mr. Steven Robertson
Mrs. Robertson	Mrs. Lisa Jane Robertson
HGL	Harrington Group Limited
FMA	Financial Markets Authority
FMCA	Financial Markets Conduct Act
Kumeu office	Premises situated at Unit 2, 190 Main Street, Kumeu

Glossary of terms and abbreviations

Term	Definition
Central Auckland office	Premises situated at Level 16, 191 Queen Street, Auckland CBD
The Receivers	Mr. John Fisk and Mr. David Bridgman
The House	Property at 73 Woodhill Park Road, RD 3, Waimauku
The Receivership	The appointment of John Howard Ross Fisk and David John Bridgman of PwC the PTT Group by the High Court in Auckland on 13 August 2015 following an application made by the Financial Markets Authority pursuant to sections 522 -524 of the Financial Markets Conduct Act 2013.