



McGrathNicol

Receivers and Managers' Supplementary Report regarding Minerva Notes

Court	Federal Court of Australia
Proceeding	WAD 13 of 2024
Plaintiff	ASIC
Defendant	Brite Advisors Pty Ltd

2 May 2025

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Glossary

Term	Meaning
\$'000	Thousands of Australian Dollars
13 December 2023 Data	The updated data which reports the value of each Beneficiaries' investment that they ought to have had with Brite Advisors as at 13 December 2023
21 December Orders	Court Orders dated 21 December 2023 in Federal Court Proceedings WAD 262 of 2023
480 Plus HK Limited	480 Plus HK Limited (Company number 2173744)
ACN	Australian Company Number
Act	Corporations Act 2001 (Cth)
Asia Credit and Finance (Hong Kong) Limited	Asia Credit and Finance (Hong Kong) Limited (Company number 1950176)
BAG	Brite Advisory Group Limited (HK) (Company number 2202650)
BAG Loan	Facility Agreement between BAG and Round Hill dated 4 August 2017
Basi & Basi	Basi & Basi Financial Planning Limited (Company number 07046189)
Beneficiaries / Beneficiary	Individuals whose superannuation and pension funds are under management by Brite Advisors
Beyond Hong Kong Limited / BHKL	Beyond Hong Kong Limited (Company number 1633223)
Borrower Loans	The loans acquired by Minerva using the proceeds of the Minerva Notes
Brite Advisors	Brite Advisors Pty Ltd (AUS) (Company number 135 024 412)
Brite Advisors (Insurance) Limited	Absolute Consulting Financial Limited (formally known as Brite Advisors (Insurance) Limited) (Company number 32356914)
Brite Group	Beyond Hong Kong Limited (BHKL) and its subsidiaries and related/associated entities including Brite Advisors
Brite Holdings Limited	Brite Holdings Limited (Company number 2149000)
Brite Limited	Brite Limited (Company number 750641)
Brite US	Brite Advisors USA, Inc. (USA) (Company number 98-0474981)
BSF Developments Pty Ltd	BSF Developments Pty Ltd (Company number 603 908 818)
c.	circa
Churchill	Churchill Nominees (Hong Kong) Limited (Company number 1667098)
Client AuM or Trust Assets	Client assets under management by Brite Advisors, being all property, assets and undertakings held by Brite Advisors on trust for another
Corporate Trustees	Pension scheme administrators (in their capacity as the representatives appointed by trustees of pension schemes) purportedly acting on behalf of the Beneficiaries
Court	Federal Court of Australia
Deficient Mixed Fund	Comprising the assets set out at section 2.1.2 of the Explanatory Memorandum
DFM	Discretionary Fund Manager or Discretionary Fund Management
DFM Agreement	Discretionary Fund Management Agreement
Directors	The directors of Brite Advisors, being Keith Sedergreen, Dean Clarke and John Lymer

Term	Meaning
Distribution Methodology	The Receivers and Managers proposed method of distribution of Client Assets Under Management
Distribution Methodology Application	The application the Receivers will file with the Court, following a consultation period with interested parties, which will ask the Court to approve the Receivers' proposed method of distributing the Client AuM
EGR	EGR Broking Limited (company number 07443787)
Explanatory Memorandum	A document that the Receivers prepared and submitted to the Court which explained the Receivers' proposed method of distributing the Client AuM dated 4 December 2024
FCA	Financial Conduct Authority
Fifth Report	A report which was issued subsequent to the Fourth Report on 4 December 2024
ForthPlus	ForthPlus Pensions Ltd (Company number 07990504)
Fourth Report	The Receivers' Report to the Federal Court dated 9 August 2024
FSCS	UK Financial Services Compensation Scheme
FYXX	Financial year ended 30 June 20XX
GBP	Great British Pound
GFS	Global Fiduciary Solutions Limited (HK) (Company number 1753253)
IB Platform	All identified accounts held by the Brite Group with Interactive Brokers Australia and Interactive Brokers Hong Kong
IFGL	IFG Pensions Limited (Formerly Sovereign Pension Services (UK) Limited) (Company number 04826217)
Interactive Brokers / IB / IBAU / IBHK	Interactive Brokers Australia (IBAU), Interactive Brokers Hong Kong (IBHK) and affiliates
iPensions	iPensions Group Limited (UK) (Company number 03683070)
KY	Cayman Islands
m	Millions
Margin Loan	Margin Loan facility provided by Interactive Brokers
MCT Trustees	MC Trustees (Malta) Ltd
Minerva	Minerva Lending Plc
Minerva Beneficiary / Beneficiaries	A Beneficiary who held or holds Minerva Notes in their portfolio
Minerva Notes	A series of asset backed securities issued by Minerva as part of a GBP 500m note program
Model Portfolio	That portion of the Client AuM that are designated in the 13 December 2023 Data as model portfolio assets
Mr Couch	Gordon Couch, former director of Brite Advisors Holdings, and formerly employed by BAG as Head of Compliance
Mr Donnelly	Mark Donnelly, Chief Executive Officer and founder of the Brite Group
Mr Lymer	John Lymer, director of Brite Advisors, Operations Manager, and Director of BAG until his resignation on 21 December 2023
Mr McKenna	David McKenna, Chief Executive Officer of Brite US
Mr Vilka	David Vilka of Planet Pensions Ltd

Term	Meaning
Mrs Donnelly	Carol Donnelly, wife of Mark Donnelly
Planet Pensions Ltd	Planet Pensions Ltd (Company number 10227688)
Platform X Pty Ltd	Platform X Pty Ltd (Company number 603 908 587)
Previous Reports / Prior Reports	Collectively, the Fourth Report, the Fifth Report, the Explanatory Memorandum, and the Supplementary Explanatory Memorandum
Proceedings	Federal Court of Australia proceedings WAD 262 of 2023 and WAD 13 of 2024
Property	The property of Brite Advisors as defined in the 13 December Orders
PSG SIPP	PSG SIPP Limited (UK entity, Company number 07030395)
Receivers	The Receivers and Managers of the Trust Assets, being Linda Smith and Rob Kirman of McGrathNicol
Reditum	Reditum Capital Ltd (Company number 08410053)
Relay	Relay Administration Limited (Company number 112139)
Report	This report dated 2 May 2025
RL360	RL360 Insurance Company Limited
Round Hill	Round Hill Holdings International Ltd (Company Number 302774)
SIPP	Self-invested personal pensions
Square Mile	Square Mile Financial Services SRO
STM	STM Fidecs Pensions Trustees Limited (Company number 85583)
STM Fidecs Beneficiaries	Seven Beneficiaries who moved their portfolios from STM Fidecs to Brite Advisors, all of which contained Minerva Notes
STM Malta	STM Malta Pension Services Limited (Company number 51028)
Supplementary Explanatory Memorandum	A report which was supplemental to the Explanatory Memorandum dated 25 March 2025
Tri-bune Australia Pty Ltd	Tri-bune Australia Pty Ltd (Company number 603 908 818)
Tribune Limited	Tribune Limited (Company number 1234624)
Trust Assets	The property, assets and undertakings held by Brite Advisors on trust for another
UK	United Kingdom
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
Xero Accounting Records / Xero	Brite Advisors' management accounts recorded in Xero and any reports extracted from the accounts, as defined in section 4.3 of the Fourth Report.

1 Introduction

1.1 Purpose of report

- 1.1.1 Linda Smith and Rob Kirman, Partners of McGrathNicol, were appointed to act as Receivers pursuant to orders of the Federal Court of Australia made on 13 December 2023 in the Proceedings (refer **Document 01**).
- 1.1.2 Since their appointment on 13 December 2023, the Receivers have taken steps to secure and preserve the Client AuM and determine Beneficiaries' entitlements. In parallel, the Receivers have continued investigations into the conduct of Brite Advisors prior to their appointment.
- 1.1.3 The Receivers have filed the following reports and orders with the Court which are relevant to this Report:
 - (a) Fourth Report to the Court dated 9 August 2024 (refer **Document 02**);
 - (b) Fifth Report to the Court dated 4 December 2024 (refer **Document 03**);
 - (c) Explanatory Memorandum dated 4 December 2024 (refer **Document 04**);
 - (d) Supplementary Explanatory Memorandum dated 25 March 2025 (refer **Document 05**);
 - (e) Addendum to the Supplementary Explanatory Memorandum dated 10 April 2025 (refer **Document 06**); and
 - (f) A minute of proposed orders setting out the orders that the Receivers propose the Court makes to give effect to our recommended Distribution Methodology (refer **Document 07**).
- 1.1.4 On 25 March 2025, being the day of filing the Supplementary Explanatory Memorandum, the Receivers received feedback from one of the Corporate Trustees, STM Malta, in relation to the Receivers' proposed treatment of Minerva Notes.
- 1.1.5 Under the Receivers' current proposal, the Receivers have valued the Minerva Notes still held by the Beneficiaries at the value recorded in the 13 December 2023 Data, which appears to be the average cost price of Brite Advisors' purchases of the Minerva Notes and propose to treat this as an entitlement to the Deficient Mixed Fund. To the extent that there is any realisable value from the Minerva Notes, this will be contributed to the Deficient Mixed Fund.
- 1.1.6 STM Malta's position is that the Beneficiaries who hold or held Minerva Notes should have no entitlement to share proportionately with the other Beneficiaries who are proposed to participate in the Deficient Mixed Fund.
- 1.1.7 At section 2.10.2(d) of the Supplementary Explanatory Memorandum, the Receivers noted that they:
 - (a) had received feedback from STM Malta in relation to the Receivers' proposed treatment of Minerva Notes;
 - (b) had not yet had an opportunity to consider that feedback in detail; and
 - (c) would consider that feedback in detail, and publish a circular setting out the Receivers' position in response to that feedback at a later date.
- 1.1.8 The Receivers issued a circular to Beneficiaries on 10 April 2025 (refer **Document 08**), setting out (i) that the Receivers considered that STM Malta raised legitimate factual queries and legal points of some merit, (ii) an addendum to the Supplementary Explanatory Memorandum which outlines the feedback received from STM Malta (which explained that the Receivers presently remained of the view that the way they proposed to treat the Minerva Beneficiaries was appropriate), and (iii) that the Receivers considered it appropriate to prepare a supplementary factual report to provide further facts for the Court and deal with the factual issues raised by STM Malta to the extent possible.
- 1.1.9 The Receivers have previously set out the facts uncovered through their investigations into the Minerva Notes in the Fourth Report [5.6.52] – [5.6.71] and Appendix 4, the Explanatory Memorandum, [2.2.39] – [2.2.45] and the Supplementary Explanatory Memorandum [2.10.4] (**Prior Reports**).
- 1.1.10 This Report is the Receivers' supplementary factual report regarding the Minerva Notes. This Report should be read in conjunction with the Prior Reports, however for simplicity, we have restated certain facts and information rather than cross referencing between the Prior Reports.

- 1.1.11 This Report sets out both approaches to the valuation and treatment of the Minerva Beneficiaries' entitlements, being (i) the proposal in the Explanatory Memorandum and (ii) STM Malta's proposal. In accordance with the Receivers' role as independent officers and to assist the Court, the Receivers will present both approaches to the Court at the Distribution Methodology Application hearing. The legal arguments underpinning both approaches will be outlined in written submissions in full to assist the Court.

1.2 Books and records and limitation of Report

- 1.2.1 The books and records that the Receivers have had regard to in preparing this Report are set out in **Appendix D** to this Report and, where appropriate, specifically identified throughout the relevant sections.
- 1.2.2 The Receivers have issued several requests to the Directors to provide the complete books and records of Brite Advisors. In addition, the Court made orders requiring the Directors to provide the Receivers with unfettered access to the books and records of Brite Advisors in accordance with the 21 December Orders. As the Receivers have previously reported, the Directors have not responded to the Receivers' information requests in a substantive way and have not adequately complied with the 21 December Orders.
- 1.2.3 In this Report, where the Receivers refer to their knowledge, information or belief as being based on having reviewed the books and records of Brite Advisors, they are referring to the information provided by the Directors and/or sourced from the client systems as set out in section 4.8 of the Fourth Report.
- 1.2.4 Limitations in respect of the books and records have been addressed in Prior Reports.

1.3 Disclaimer

- 1.3.1 The information contained in this Report has been prepared on the basis of the documents listed in **Appendix D**. The documents used in support of our findings are identified throughout the Report.
- 1.3.2 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.
- 1.3.3 The information in this Report does not include all possible or relevant information in relation to the matters investigated. 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.
- 1.3.4 For ease of review, the financial information is presented in Great British Pounds (**GBP**) unless otherwise specified. The figures presented are sensitive to movements in foreign currency exchange rates and therefore may change subject to the source and timing of currency conversion.

1.4 Background

- 1.4.1 As set out above, the purpose of this Report is to set out further facts for the Court in relation to Minerva Notes, in the context of the factual issues raised by STM Malta.
- 1.4.2 By way of short summary, the below is the key circumstances and background around the Minerva Notes:
- (a) BAG (as borrower) and Round Hill (as lender) entered into a facility agreement in August 2017 whereby Round Hill (ultimately) made funding in the sum of GBP 1m available to BAG (**BAG Loan**).
 - (b) A condition of the BAG Loan was that BAG procured an aggregate investment by it, or at its direction, of GBP 10m in asset backed securities issued by Minerva (the Minerva Notes). Under the terms of the facility agreement, the BAG Loan was deemed to have "amortised" down in stages from GBP 1m to nil if BAG procured the GBP 10m investment in the Minerva Notes. The effect of this treatment was that the BAG Loan became a commission paid to BAG for procurement of investors into the Minerva Notes.
 - (c) Brite Advisors, GFS and 480 Plus HK Limited purchased GBP 9m of Minerva Notes between September 2017 and October 2018. It is unclear from available records whether and the extent to which these purchases were (i) made by Brite Advisors as agent for particular Corporate Trustees or Beneficiaries, or (ii) made by Brite Advisors as principal with the intention of on-selling those Minerva Notes to Corporate Trustees or Beneficiaries.

- (d) According to the 13 December 2023 Data, between September 2017 and January 2020, 109 Beneficiaries of Brite Advisors were allocated Minerva Notes in their Brite portfolios. The transactions recorded do not appear to reflect actual purchases of Minerva Notes by the Beneficiaries (or Brite Advisors as their agent). Rather, the transactions recorded are on dates after the initial purchases and appear to be the time at which an allocation of the Minerva Notes to these Beneficiaries took place. It is unclear whether this allocation was to give effect to the purchase by Brite Advisors being undertaken on an agency basis, or whether this was a transaction between Brite Advisors as seller and the Beneficiary as buyer.
- (e) A number of Corporate Trustees and Life Companies which Brite Advisors approached did not accept the investment in Minerva Notes as they were classified as a 'non-standard' investment under FCA criteria relating to SIPP investments.
- (f) The Minerva Notes were repurchased by Brite Advisors from Beneficiaries' portfolios (i) on an ad-hoc basis for a small number of Beneficiaries prior to February 2020, or (ii) as part of a systematic repurchasing exercise taking place in February 2020, or (iii) not at all. The repurchases were generally made at the initial purchase price (i.e. the price which the Beneficiary initially paid for the Minerva Notes). As at 13 December 2023, only 37 Beneficiaries still held Minerva Notes in their portfolio (all of whom are recorded in Brite Advisors' records as being ForthPlus Beneficiaries). It appears that the systematic repurchase of Minerva Notes in February 2020 by Brite Advisors was completed due to concerns around the recoverability and suitability of the Minerva Notes.
- (g) Minerva Notes were due to mature on 30 June 2024 and ought to have paid 6% coupon payments bi-annually. Brite Advisors received coupons totalling GBP 1.5m between the December 2017 and December 2020 periods, but no coupons were received after that. No payment, or advice of pending payment has been received by the Receivers and recovery of the Minerva Notes appears unlikely.

1.5 Structure of Report

1.5.1 This Report is structured as follows:

- (a) Section 2 - Establishment of the BAG Loan
- (b) Section 3 - Purchase of the Minerva Notes
- (c) Section 4 - Minerva Notes in Beneficiaries' portfolios
- (d) Section 5 - Repurchase of the Minerva Notes from Beneficiaries' portfolios
- (e) Section 6 - Minerva solvency
- (f) Section 7 - Impact of alternative treatment of Minerva Notes

1.6 Relevant Parties

- 1.6.1 The relevant parties to the Minerva transactions which are detailed in this Report are set out in the tables below. These tables are intended to be a guide to assist in the understanding of the nature of the various parties, their roles and their relationships to each other.
- 1.6.2 In addition to the tables below, enclosed at **Document 09** is the group structure of the Brite Group which was included at Document 133 of the Investigative Accountants Report dated 8 December 2023. The group structure has been updated to highlight the entities which are set out in the tables below.
- 1.6.3 The parties to the BAG Loan are set out below:

Parties to BAG Loan				
Name	Alternative/prior name/s	Role	Identified parties in control at certain points in time	Country
Round Hill Holdings International (Round Hill) Company number: 302774	n/a	Lender	Director – John Moore Director – Mark Stephen - Deed of Release executed by Mark Stephen as Director	KY
BAG HK Limited (BAG) Company number: 22027650	Brite Advisory Group Limited Buzz Advisory Group Limited Platform X Limited	Borrower	Director – Richard Lissenden (Richard Lissenden is also a former director of Brite Advisors) Director – John Lymer (John Lymer is also a director of Brite Advisors and 480 Plus HK Limited) Director – David McKenna (David McKenna was the former CEO of Brite US) Director – Gordon Couch Shareholder – John Lymer Shareholder – Mark Donnelly Shareholder – Michael Basi Shareholder – Brite Holdings Limited - Deed of Release executed by John Lymer as Director - Directors resolution executed by Gordon Couch, John Lymer, Kwan Lam and Ka Lo as Directors - Debenture executed by John Lymer as Director - Facility Agreement executed by John Lymer and Gordon Couch as Directors - Shareholder resolution executed by John Lymer as the Sole Shareholder - Guarantee and Indemnity executed by John Lymer as Director	HK
Mark Donnelly (Mr Donnelly)	n/a	Guarantor	Mr Donnelly is the CEO and founder of Brite Group	n/a
Gordon Couch (Mr Couch)	n/a	Indemnifier	n/a	n/a
Planet Pensions Ltd Company number: 10227688	Brite Retirement Ltd Buzz Advisors UK Ltd Brite Advisors UK Ltd	Guarantor	Director – David McKenna (David McKenna was the former CEO of Brite US) Director – John Lymer - Board meeting minutes signed by John Lymer as Chairman - Debenture executed by John Lymer as Director - Guarantee and Indemnity executed by John Lymer as Director	UK
Beyond Hong Kong Limited Company number: 1633223	Brite Hong Kong Limited Genesis Investment Management Limited Brite Advisors Limited Watermill Advisors Limited	Guarantor	Director – Gordon Couch (2018) Shareholder – Brite Advisory Group Limited - Guarantee and Indemnity executed by Gordon Couch as Director Director – Peter Manktelow	HK
Global Fiduciary Solutions Limited (GFS) Company number: 1753253	Not identified	Guarantor	'- Guarantee and Indemnity executed by Gordon Couch as Director - Directors resolution executed by Gordon Couch as Director - Debenture executed by Gordon Couch as Director - Shareholder resolution executed on behalf of the shareholder Churchill Nominees (Hong Kong) Limited - Deed of Release executed by Gordon Couch as Director - Guarantee and Indemnity executed by Peter Manktelow as Director - Directors resolution executed by Peter Manktelow as Director - Debenture executed by Peter Manktelow as Director - Shareholder resolution executed by Peter Manktelow and on behalf of D&G Incorporate Ltd	HK
Tribune Limited Company number: 1234624	Tri-Bune Limited The Precision Group Asia Limited	Guarantor	Director – John Lymer Shareholder – Brite Advisory Group Limited (100%) (John Lymer is also a director of Brite Advisors and BAG) - Deed of Release executed by John Lymer as Director - Guarantee and Indemnity executed by John Lymer as Director - Directors resolution executed by John Lymer and Gordon Couch as Directors	HK
480 Plus HK Limited Company number: 2173744	Tribune Retirement Scheme Limited	Guarantor	Director – Mark Donnelly Shareholder – Brite Advisory Group Limited Shareholder – D&G Incopriate Limited '- Deed of Release executed by John Lymer as Director - Directors resolution executed by Mark Donnelly as Director - Debenture executed by Mark Donnelly as Director - Shareholder resolution executed on behalf of the Shareholder D&G Incorporate Ltd - Guarantee and Indemnity executed by Mark Donnelly as Director	HK
Brite Holdings Limited Company number: 2149000	Fuel HK Limited Platform X Holdings Limited	Guarantor	'- Deed of Release executed by John Lymer as Director - Directors resolution executed by Mark Donnelly as Director - Debenture executed by Mark Donnelly as Director - Shareholder resolution executed on behalf of the Shareholder D&G Incorporate Ltd - Guarantee and Indemnity executed by Mark Donnelly as Director	HK

1.6.4 The entities party to the issuance of the Minerva Notes are set out below:

Minerva entities				
Name	Alternative / prior names	Role	Identified parties in control at certain points in time	Country
Minerva Lending Plc (Minerva) Company number: 10007477	Minerva Lending Ltd	Issuer	Director – Phillip Knyght	UK
Reditum Capital Ltd (Reditum) Company number: 08410053	Hennessy Jones Ltd GFY Solutions Limited	Former Collateral Manager	Director – Martin Drummond Director – Richard Gore Director – Karim Sghaier Shareholder – Mark Stephen (90%) Shareholder – James Kind (10%)	UK
EGR Broking Limited (EGR) Company number: 07443787	EGR Brokers Limited Brown and Mayne RAJA & Partners Limited	Facilitated purchase of Minerva Notes	Director – Umer Farooq Director – Christopher Long Director – Arunkumar Subbiah Shareholder – Interestme Financial Holdings Ltd	UK
Round Hill Holdings International (Round Hill) Company number: 302774	n/a	Lender & Introducer	Director – John Moore Director – Mark Stephen	KY

1.6.5 The recipients of the BAG Loan funds (directly and indirectly) are set out below:

Recipients of BAG Loan funds					
Name	Alternative/prior name/s	Directly or Indirectly	Identified parties in control at certain points in time	Country	Value (GBP)
Interactive Brokers (IB)	Timber Hill Group LLC	Indirectly	Director – Milan Galik	USA	100,000
Brite Advisors Pty Ltd (Brite Advisors) Company number: 135 024 412	Buzz Advisors Pty Ltd Strategies 4 Wealth Pty Ltd	Directly to Westpac GBP Client Account Indirectly from Westpac GBP Client Account to Westpac AUD Client Account	Director – Keith Sedergreen Director – Dean Clarke Director – John Lymer	AU	Directly 450,000 Indirectly 32,646
Asia Credit and Finance (Hong Kong) Limited Company number: 1950176	480 Plus Limited	Indirectly	Director – Michael John Foggo Shareholder – Churchill Fiduciaries Limited	HK	165,000
Mark Donnelly (Mr Donnelly) and Carole Donnelly (Mrs Donnelly)	n/a	Directly to Carole Donnelly's HSBC Account Indirectly from Brite Advisors Westpac GBP Client Account and Absolute Consulting Financial Limited HSBC GBP Account	n/a	n/a	Directly 300,000 Indirectly 76,621
Brite Advisors (Insurance) Limited Company number: 32356914	Brite Limited Genesis Insurance Limited Absolute Consulting Financial Limited	Directly to HSBC GBP Account Indirectly from HSBC GBP Account to HSBC HKD Account	Director – Richard Lissenden Shareholder – Brite Advisory Group Limited	HK	Directly 219,669 Indirectly 58,955

1.6.6 Other entities involved in the matters detailed in this report are set out below:

Other entities					
Current name	Alternative/prior name/s	Role	Identified parties in control at certain points in time	Country	
Tri-bune Australia Pty Ltd Company number: 603 908 818	Witroy Pty Ltd BSF Developments Pty Ltd	Paid funds to purchase Minerva Notes	Director – Alan Leeming	AU	
ForthPlus Pensions Ltd (ForthPlus) Company number: 07990504	Athena Pensions Limited Helium Miracle 119 Limited	Trustee of majority of Beneficiaries with Minerva notes	Director – Simon Ashton Director – Christopher Holyoak Director – Simon King Director – Robert Parker	UK	

2 Establishment of BAG Loan

Key Findings

- BAG (as borrower) and Round Hill (as lender) entered into a facility agreement in August 2017 whereby Round Hill (ultimately) made funding in the sum of GBP 1m available to BAG (**BAG Loan**). A number of entities which were part of the broader Brite Group and associated with Mr Donnelly entered into debenture agreements in favour of Round Hill securing repayment of the BAG Loan (**Debenture Agreements**)
- A condition of the BAG Loan was that BAG procured an aggregate investment by it or at its direction of GBP 10m in asset backed securities issued by Minerva (the Minerva Notes). Under the terms of the facility agreement, the BAG Loan was deemed to have "amortised" down in stages from GBP 1m to nil if BAG procured the GBP 10m investment in the Minerva Notes. The effect of this treatment was that the BAG Loan became a commission paid to BAG for procurement of investors into the Minerva Notes.
- The Receivers identified payments that were received by Brite Advisors and/or related parties in respect of the BAG Loan, the majority of which were paid to Mr and Mrs Donnelly and other related parties.
- Round Hill advanced the full GBP 1m despite BAG having only procured investment of GBP 9m of Minerva Notes via Brite Advisors (and other related entities), as opposed to GBP 10m required. As a result, the BAG Loan did not amortise to nil and part of the BAG Loan became repayable (i.e. BAG was not entitled to the full commission).
- BAG reached an agreement with Round Hill as to the amount repayable by BAG. Ultimately GBP 104,556 was paid from the Westpac GBP Operational Account to Round Hill. The GBP 104,556 was sourced from the Brite Advisors' Westpac GBP Client Account, shortly after a deposit was received from Corinthian Pension Trustees Limited into that account (i.e. Beneficiary funds).
- The Debenture Agreements appear to have then been released on 5 March 2019.

2.1 Establishment of BAG Loan

- 2.1.1 On 4 August 2017, BAG (as borrower) and Round Hill (as lender) entered into a facility agreement (refer **Document 10**) which was amended via a Deed of Amendment dated 17 August 2018 (refer **Document 11**) (**BAG Loan**).
- 2.1.2 The BAG Loan documentation states that the purpose of the BAG Loan was to fund general working capital of BAG, including staff costs, business development and information technology costs.
- 2.1.3 The terms of the BAG Loan, as amended, were as follows:
- (a) Round Hill would make GBP 1m available to BAG as a loan.
 - (b) BAG was entitled to draw down the amount available under the facility in five stages, with each drawn down stage permitting a further portion of the total GBP 1m to be available. Each stage was linked to the quantum of investment in Minerva Notes which BAG had procured, up to GBP 10m and over a period of 12 months.
 - (c) The BAG Loan was deemed to have "amortised down" from GBP 1m to (i) GBP 571,428 as at the first milestone date (if that investment milestone is met), (ii) GBP 285,714 as at the second milestone date (if that investment milestone is met), and (iii) nil as at the third milestone date (if that investment milestone is met). The milestones were set by reference to the quantum of investment in Minerva Notes which BAG had procured. That is, if BAG procured GBP 10m in investments in the Minerva Notes it would not have to repay the GBP 1m advanced. The effect of this provision is that the BAG Loan operated like a commission for procuring investment in the Minerva Notes.
- 2.1.4 Planet Pensions Ltd, 480 Plus HK Limited, Tribune Limited, Brite Holdings Ltd, GFS, Beyond Hong Kong Limited and Mr Donnelly were guarantors to the BAG Loan. Broadly speaking, these entities are part of the Brite Group and associated with Mr Donnelly.

- 2.1.5 The above entities executed a broader suite of security documents, including Debenture Agreements in favour of Round Hill on 4 August 2017 in respect of the BAG Loan. A sample of the security documents is set out at **Document 12**. Broadly speaking, pursuant to the Debenture Agreements, the various entities provided a fixed and floating charge securing repayment of the BAG Loan. The Debenture Agreements appear to have remained in place until their release on 5 March 2019 (refer **Document 13** for a sample of same).

2.2 Minerva and Minerva Notes

- 2.2.1 According to the Minerva prospectus (refer **Document 14**), Minerva was registered and incorporated in England on 16 February 2016, and its principal activity was to:
- (a) Issue a series of asset backed securities (the Minerva Notes) as part of a GBP 500m note program; and
 - (b) With the proceeds of the Minerva Notes, acquire loans to borrowers (**Borrower Loans**). The Borrower Loans are made by a third-party lender to each borrower and on-sold to Minerva.
- 2.2.2 The Minerva prospectus indicates that Reditum acted as the collateral manager for Minerva. Reditum's role was to arrange the Borrower Loans.
- 2.2.3 Round Hill (lender of the BAG Loan) acted as an 'introducer' to assist with introducing Minerva to potential investors in the Minerva Notes.

2.3 Drawdown of the BAG Loan

- 2.3.1 The Receivers identified a total of four payments which together totalled GBP 1m, received between September 2017 and September 2018 by Brite Advisors and/or related parties in respect of the BAG Loan. The four drawdown notices were signed by Mr Lymer, in his capacity as the authorised representative for BAG.
- 2.3.2 The four tranches paid under the BAG Loan are summarised below:
- (a) Tranche 1: GBP 300,000 around 21 September 2017 was paid by Round Hill to Mrs Donnelly. The drawdown notice (which was signed by Mr Lymer) is enclosed at **Document 15**.
 - (b) Tranche 2: GBP 300,000 on 30 November 2017 was paid by Round Hill to the Brite Advisors' Westpac GBP Client Account via Robertsons Solicitors (who we understand acted as an intermediary for the funds). Prior to this deposit, the balance of the Westpac GBP Client Account was GBP 1,770. Following receipt of Tranche 2, the funds received were then applied to make payment to the parties detailed in the below table:

Application of Tranche 2		
Recipient	Payment Date	Value (GBP)
Brite Advisors		
Interactive Brokers	4 December 2017	100,000
Brite Advisors' Westpac AUD Client Account	6 December 2017	20,692
Other entities		
Asia Credit & Finance (Hong Kong) Limited	1 and 4 December 2017	95,000
Mr Donnelly and Mrs Donnelly	1 and 4 December 2017	45,000
Total		260,692

The drawdown notice (which was signed by Mr Lymer) and bank statements in relation to this are enclosed at **Document 18** and **Document 19**.

- (c) Tranche 3: GBP 150,000 on 21 December 2017 was paid by Round Hill to the Brite Advisors' Westpac GBP Client Account via Robertsons Solicitors. At the time of the Tranche 3 deposit, the balance of the Westpac GBP Client Account was GBP 105,034. Following receipt of Tranche 3, the funds received were then applied to make payment to the parties detailed in the below table:

Application of Tranche 3		
Recipient	Payment Date	Value (GBP)
Brite Advisors		
Brite Advisors' Westpac AUD Client Account	21 December 2017	11,954
Other entities		
Platform X	21 December 2017	20,000
Mr Donnelly and Mrs Donnelly	21 December 2017	10,000
Asia Credit & Finance (Hong Kong) Limited	21 December 2017	70,000
Total		111,954

The drawdown notice (which was signed by Mr Lymer) and bank statements in relation to this are enclosed at **Document 19** and **Document 22**.

- (d) Tranche 4: GBP 250,000 on 6 September 2018 was paid by Round Hill to Robertsons Solicitors. We understand GBP 219,669 was directed to be paid by Robertsons Solicitors to Brite Advisors (Insurance) Limited, a wholly owned subsidiary of BAG, and the remaining GBP 30,331 was held to cover legal costs that were owed. The Receivers identified a HSBC bank statement for Brite Advisors (Insurance) Limited which identifies the receipt of funds by it of 219,669 on 12 September 2018 (refer **Document 23**). Following receipt of Tranche 4, the Receivers have identified payments made by Brite Advisors (Insurance) Limited to the parties detailed in the below table:

Application of Tranche 4		
Recipient	Payment Date	Value (GBP)
Other entities		
Brite Advisors (Insurance) Limited	24 September 2018	58,955
Mr Donnelly and Mrs Donnelly	24 September 2018	21,621
Total		80,576

The drawdown notice (which was signed by Mr Lymer) and email correspondence in relation to this are enclosed at **Document 24** and **Document 25**.

- 2.3.3 In summary, the majority of the GBP 1m payments under the BAG Loan were paid to Mr and Mrs Donnelly and other related parties, in accordance with written drawdown directions provided by Mr Lymer.

2.4 Amortisation of the BAG Loan

- 2.4.1 In accordance with the terms of the BAG Loan (refer section 7 of **Document 10**) if certain milestones were met, namely, BAG procuring GBP 10m in investment in the Minerva Notes, the BAG Loan was to be amortised in stages from GBP 1m to nil (i.e. nothing was required to be repaid). The practical effect of this was to render the payments under the BAG Loan the equivalent of a commission payable for the investments which BAG procured into the Minerva Notes.
- 2.4.2 As outlined at section 2.3.2 above, the third milestone was reached when BAG procured the final tranche of investment in Minerva Notes (GBP 2.5m, bringing the total investment to GBP 10m) by the third milestone date. Upon reaching this milestone, the final GBP 250,000 of the GBP 1m funds available under the BAG Loan would be "amortised". The final instalment of the BAG Loan of GBP 250,000 was paid to BAG, but BAG only procured investment of GBP 9m of Minerva Notes by the third milestone date. As a result, the third milestone "amortisation" did not trigger and GBP 250,000 of the BAG loan remained repayable.
- 2.4.3 BAG agreed with Round Hill that BAG would only repay GBP 104,556 of the outstanding amount of GBP 250,000 (refer **Document 26 & 27**).

- 2.4.4 The Receivers have identified that on 23 January 2019, GBP 104,556 was paid from the Brite Advisors' Westpac GBP Operational Account to Robertsons Solicitors (refer **Document 28**), who then forwarded the payment to Round Hill. That is, Brite Advisors (not BAG), repaid the BAG Loan.
- 2.4.5 The Receivers further investigated the source of the funds which were used to pay the GBP 104,556 on 23 January 2019 and identified in **Document 29** that on the day before the payment was made from Brite Advisors' Westpac GBP Operational Account to Robertson Solicitors, GBP 104,556 was transferred into the Westpac GBP Operational Account from the Westpac GBP Client Account. The source of the funds in the Westpac GBP Client Account was a GBP 255,045 deposit by Corinthian Pension Trustees Limited in relation to a Beneficiary's pension fund. That is, Brite Advisors (not BAG), repaid the BAG Loan and the funding for that repayment came from a Corporate Trustee deposit.
- 2.4.6 Shortly after the payment to Round Hill in February 2019, Deeds of Release were signed by Round Hill in respect of the Debenture Agreements with the Brite Group entities (refer **Document 13**).
- 2.4.7 In summary, the BAG Loan was 'amortised' down from GBP 1m to GBP 104,556, given BAG caused the investment in GBP 9m of Minerva Notes via its related entities. As a result, BAG was only required to repay GBP 104,556 to Round Hill, which was ultimately paid by Brite Advisors, funded by a Corporate Trustee deposit.

3 Purchase of the Minerva Notes

Key Findings

- Brite Advisors, GFS and 480 Plus HK Limited purchased GBP 8m, GBP 0.3m and GBP 0.7m of Minerva Notes respectively between September 2017 and October 2018. It is unclear from available records whether and the extent to which these purchases were (i) made by Brite Advisors as agent for particular Corporate Trustees or Beneficiaries, or (ii) made by Brite Advisors as principal with the intention of on-selling those Minerva Notes to Corporate Trustees or Beneficiaries.
- The Minerva Notes purchased by Brite Advisors were bought with funds from the Westpac GBP Client Account. The Receivers conducted an exercise to identify the source of the funds in the Westpac GBP Client Account to purchase the Minerva Notes and were unable to conclusively attribute the purchase of the Minerva Notes to funds contributed by specific Beneficiaries. Rather, the funds used related to Corporate Trustee deposits and funds transferred from Interactive Brokers.
- The consideration for Minerva Notes purchased by 480 Plus HK Limited and GFS was a single payment of GBP 1m from Tri-bune Australia Pty Ltd's bank account. The Receivers understand the GBP 1m was funded via (i) GBP 0.67m which was paid from STM Fidecs to Tri-bune Australia Pty Ltd in respect of two Beneficiaries' surrender of and transfer to Brite Advisors, and (ii) GBP 0.88m which was transferred from Brite Advisors' Westpac GBP Client Account to Tri-bune Australia Pty Ltd.
- As a result of Brite Advisors, GFS and 480 Plus HK Limited's purchase of Minerva Notes, BAG procured a total investment of GBP 9m in Minerva Notes.

3.1 Summary

The purchase of the Minerva Notes for GBP 9m by Brite Advisors, GFS and 480 Plus HK Limited are detailed in the table below and explained in the following sections.

Purchase of Minerva Notes

			Price (GBP)				
Entity	Date	Units ('m)	Unit price	Cost	ERG com.	Fee / deduction	Paid from bank account
Related entities							
480 Plus HK Limited	27-Sep-17	0.7	100.00	670,000	-	-	670,000
GFS	28-Sep-17	0.3	100.00	330,000	-	-	330,000
Total other entities		1.0	100.00	1,000,000	-	-	1,000,000
Brite Advisors		-					
Brite Advisors	23-Nov-17	1.0	100.00	994,000	1,988	4,012	1,000,000
Brite Advisors	19-Dec-17	0.5	101.00	497,930	956	1,114	500,000
Brite Advisors	31-Jan-18	0.5	100.00	498,000	996	1,004	500,000
Brite Advisors	20-Feb-18	1.0	100.82	994,105	1,988	3,907	1,000,000
Brite Advisors	28-Feb-18	0.4	100.48	397,888	796	1,316	400,000
Brite Advisors	08-Mar-18	0.4	101.68	399,622	799	(421)	400,000
Brite Advisors	21-Mar-18	0.2	101.28	198,509	397	1,094	200,000
Brite Advisors	30-Apr-18	0.5	101.92	497,386	945	1,670	500,000
Brite Advisors	14-Jun-18	1.9	102.68	1,989,928	3,980	6,092	2,000,000
Brite Advisors	24-Aug-18	1.0	100.89	994,775	1,990	3,235	1,000,000
Brite Advisors	16-Oct-18	0.5	101.78	496,686	993	2,320	500,000
Total Brite Advisors		7.9	101.14	7,958,828	15,828	25,344	8,000,000
Total		8.9	100.57	8,958,828	15,828	25,344	9,000,000

3.2 Brite Advisors' purchase of the Minerva Notes

- 3.2.1 Brite Advisors purchased 7.8m Minerva Notes for GBP 8m between November 2017 and October 2018. Purchase documents and bank statements are enclosed at **Document 30**.
- 3.2.2 The Minerva Notes purchased by Brite Advisors were bought with funds from the Westpac GBP Client Account. The Receivers conducted an exercise to identify whether the Minerva Notes were allocated to any Beneficiaries when purchased and the source of the funds in the Westpac GBP Client Account used to purchase the Minerva Notes, which is set out in detail at **Annexure A** and **Annexure B**.
- 3.2.3 When Brite Advisors purchased the Minerva Notes, Brite Advisors was required to allocate the expenditure to a certain account in Brite Advisors' Xero Accounting Records. The Receivers' analysis at **Annexure A** sets out the Xero allocations of the GBP 8m of Minerva Notes purchased, as summarised below:
- (a) GBP 3.5m was allocated to one of 21 different Beneficiaries. All but one of these Beneficiaries have or had Minerva Notes in their portfolio. For the Beneficiary who was never allocated Minerva Notes, this accounting entry does not impact their portfolio or represent an actual allocation of Minerva Notes to them.
 - (b) GBP 2.9m was allocated an account called 'GFS Pool'. The Receivers have not identified any specific Beneficiary references for this allocation of Minerva Notes on Xero for the 'GFS Pool' and do not know what this allocation reflects. We note that the consideration for the GFS purchases of Minerva Notes (as set out in the table above) was considerably less than GBP2.9m (i.e. GBP 330,000).
 - (c) GBP 1.5m was allocated to an account called "Suspense". The Receivers have not identified why these payments were coded to "Suspense" and have not identified any specific Beneficiary references for this allocation of Minerva Notes. A suspense account is typically a temporary account used in accounting software like Xero, from which unreconciled items are reallocated at a later time. On this basis, it is possible that these were purchases where, at the time of purchase, there was not yet a Beneficiary to whom those Minerva Notes would be allocated.
- 3.2.4 The Receivers' analysis set out at **Annexure B** identified that of the GBP 8m of Minerva Notes purchased, (i) GBP 4.9m of Minerva Notes purchased was funded by Corporate Trustee deposits, and (ii) GBP 3.1m of Minerva Notes purchased was funded by several cash disbursements withdrawn from Brite Advisors' Interactive Brokers account I1633976, which held Client AuM.
- 3.2.5 In relation to the Corporate Trustee deposits, these deposits appear to be comprised of funds contributed by (i) Beneficiaries who did receive Minerva Notes (albeit the deposits exceed the Minerva Notes acquired indicating that the deposit relates to other investments in addition to just Minerva Notes), and (ii) Beneficiaries who did not receive Minerva Notes. As a result, it appears that these deposits may therefore have been misappropriated by Brite Advisors.
- 3.2.6 In summary, it is unclear from available records whether and the extent to which Brite Advisors' purchase of Minerva Notes were (i) made by Brite Advisors as agent for particular Corporate Trustees or Beneficiaries, or (ii) made by Brite Advisors as principal with the intention of on-selling those Minerva Notes to Corporate Trustees or Beneficiaries. The Receivers observed that the purchase of Minerva Notes by Brite Advisors appeared to outpace the receipt of deposits from Corporate Trustees and allocation of Minerva Notes in Beneficiary portfolios (refer section 0), which suggests that at least some of the purchases must have been by Brite Advisors as principal.

3.3 480 Plus HK Limited and GFS' purchase of the Minerva Notes

- 3.3.1 In September 2017, 480 Plus HK Limited purchased 664,000 Minerva Notes and GFS purchased 330,000 Minerva Notes for GBP 1m in total (refer **Document 31**).
- 3.3.2 The Receivers have conducted an exercise to identify the source of the funds to purchase the 480 Plus HK Limited and GFS Minerva Notes. The Receivers have identified that the Minerva Notes were purchased in one payment of GBP 1m from Tri-bune Australia Pty Ltd's bank account (refer **Document 32**).

3.3.3 This GBP 1m was funded by:

- (a) Payments of GBP 256,000 and GBP 412,018 received into Tri-bune Australia Pty Ltd's Westpac bank account from STM Fidecs on 5 September 2017. These payments appear to be transfers made on behalf of two Beneficiaries who had exited their prior pension provider (STM) and transferred funds to Brite Advisors (refer **Document 32**). The two Beneficiaries had the Minerva Notes referable to these transfers allocated in their portfolios.
- (b) A single payment of GBP 880,000 which was received into Tri-bune Australia Pty Ltd's Westpac bank account from Brite Advisors' Westpac GBP Client Account on 24 August 2017 (refer **Document 32**). The transfer of GBP 880,000 from Brite Advisors' Westpac GBP Client Account was sourced from a deposit from Churchill Nominees (Hong Kong) Limited's (**Churchill**) on 5 July 2017. The funds transferred from Churchill are part of an ongoing investigation being undertaken by the Receivers.

4 Minerva Notes in Beneficiaries' portfolios

Key Findings

- According to the 13 December 2023 Data, between September 2017 and January 2020, 109 Beneficiaries of Brite Advisors were allocated Minerva Notes in their Brite portfolios.
- The transactions recorded do not appear to reflect actual purchases of Minerva Notes by the Beneficiaries (or Brite Advisors as their agent) and do not align with the purchases outlined in section 3.2.1 above. Rather, the transactions recorded are on dates after the initial purchases and appear to be the time at which an allocation of the Minerva Notes to these Beneficiaries took place. Again, it is unclear whether this allocation was to give effect to the purchase by Brite Advisors being undertaken on an agency basis, or whether this was a transaction between Brite Advisors as seller and the Beneficiary as buyer.
- The Receivers have confirmed that Beneficiaries who were allocated Minerva Notes contributed funds for the cost of the Minerva Notes.
- A total of 109 Beneficiaries held Minerva Notes in their portfolios with Brite Advisors. There are three broad categories of such Beneficiaries, which are set out below:
 1. STM Fidecs Beneficiaries - It appears that Mr Donnelly and Mr Couch, acting through Tribune Limited, were financial advisors to seven Beneficiaries who had STM Fidecs Pension Trustees Ltd (**STM**) as their Corporate Trustee and who at the time did not have assets on the Brite Advisors' platform. Mr Donnelly and Mr Couch made a recommendation to these Beneficiaries to invest in Minerva Notes and STM Fidecs refused to give effect to the dealing instruction. That refusal appears to have been the catalyst for the Beneficiaries changing Corporate Trustee and moving their portfolio to Brite Advisors. After that transfer, the Beneficiaries were invested in Minerva Notes.
 2. ForthPlus Beneficiaries - 57 Beneficiaries who transferred from ForthPlus to Brite Advisors between February 2019 and April 2019 had the entirety of their funds invested in Minerva Notes (a considerable period of time after Brite Advisors had purchased the Minerva Notes). Square Mile, an advisor to ForthPlus at the time, is subject to an investigation by the UK Financial Services Compensation Scheme (**FSCS**) for giving unsuitable advice in connection with pension transfers into and from several pension schemes, including ForthPlus, which was placed into external Administration on 19 October 2021. It appears that the ForthPlus Beneficiaries were not informed about their investment in the Minerva Notes.
 3. Other Beneficiaries - There are 45 other Beneficiaries who were allocated Minerva Notes across five Corporate Trustees. The Receivers have located at least one instance where a Beneficiary was allocated Minerva Notes by Brite Advisors, pursuant to the terms of a Discretionary Fund Management (**DFM**) agreement, with Minerva Notes being included at a 20% weighting in Brite Advisors' Model Portfolios from Portfolio 1 (low risk) to Portfolio 7 (high risk). From the other correspondence located, it appears that some Corporate Trustees were aware of the Minerva Notes and gave authority for the investment (in a broad sense), but Beneficiaries themselves did not appear to know that they were invested in the Minerva Notes.
- A number of Corporate Trustees and Life Companies which Brite Advisors approached did not accept the investment in Minerva Notes as they were classified as a 'non-standard' investment under FCA criteria relating to SIPP investments.

4.1 Summary

- 4.1.1 As set out at section 2.4, under the BAG Loan, BAG was able to "amortise" the amount of the BAG Loan in full (i.e. GBP 1m) if it was able to procure the investment of GBP 10m into Minerva Notes by the third milestone date. As set out at section 3, Brite Advisors, 480 Plus HK Limited and GFS purchased GBP 9m of Minerva Notes between September 2017 and October 2018.

- 4.1.2 Between September 2017 and January 2020, 109 Beneficiaries of Brite Advisors were allocated Minerva Notes according to the 13 December 2023 Data (**Minerva Beneficiaries**). This does not reflect Minerva Notes being purchased by the Beneficiaries. Rather, the transactions recorded are on dates after the initial purchases of Minerva Notes and appear to be the time at which Brite Advisors allocated Minerva Notes to these Beneficiaries. It is unclear whether this allocation was to give effect to the purchase by Brite Advisors being undertaken on an agency basis, or whether this was a transaction between Brite Advisors as seller and the Beneficiary as buyer.
- 4.1.3 The Receivers have confirmed that Beneficiaries who were allocated Minerva Notes contributed funds for the cost of the Minerva Notes. This analysis was performed as part of the Receivers' broader work in relation to verifying and matching Beneficiary deposits in their 13 December 2023 Data to Brite Advisors' bank statements.
- 4.1.4 A summary of the Minerva Beneficiaries and their acquisition, sale and current holdings in Minerva Notes, extracted from 13 the December 2023 Data, is set out below:

Beneficiaries with Minerva Notes				
Trustee	#	Purchase of notes	Sale of notes	Current holding
STM Beneficiaries				
Sovereign Pension Services (UK) Limited (now IFGL Pensions Limited)	1	810,000	(810,000)	-
MC Trustees (Malta) Ltd	2	834,089	(834,089)	-
Relay Administration Limited	3	960,073	(960,073)	-
Global Fiduciary Solutions Limited (or GFS Superannuation No. 2)	1	308,000	(308,000)	-
Total	7	2,912,162	(2,912,162)	-
Other Beneficiaries				
Sovereign Pension Services (UK) Limited (now IFGL Pensions Limited)	23	2,531,930	(2,531,930)	-
PSG SIPP Limited	9	585,216	(585,216)	-
Relay Administration Limited	3	221,526	(221,526)	-
MC Trustees (Malta) Ltd	2	539,954	(539,954)	-
Global Fiduciary Solutions Limited (or GFS Superannuation No. 2)	1	200,000	(200,000)	-
Relay Direct Investments	7	206,271	(206,271)	-
Total	45	4,284,897	(4,284,897)	-
ForthPlus Beneficiaries	57	1,126,484	(685,663)	444,132
Total	109	8,323,543	(7,882,722)	444,132

- 4.1.5 The Receivers' investigations into the Beneficiaries' acquisition of the Minerva Notes are set out in the following three sections, being (i) STM Fidecs Beneficiaries (ii) Beneficiaries without ForthPlus or STM Fidecs as their Corporate Trustee (i.e. 'other' Beneficiaries), and (iii) Beneficiaries with ForthPlus as their Corporate Trustee.
- 4.1.6 Importantly, the Receivers have identified no evidence to suggest that the loan amortisation / commission payable to BAG was disclosed to any Beneficiary or Corporate Trustee.
- 4.1.7 **Document 33** is one example of a Brite Advisors DFM trustee application booklet signed by a Beneficiary in September 2017, appointing Brite Advisors as their DFM, meaning Brite Advisors was appointed to make discretionary investment decisions on behalf of the Beneficiary. Brite Advisors' Model Portfolios are attached to the DFM trustee application booklet. The Receivers note that the Minerva Notes have been allocated a 20% weighting in all Brite Advisors Model Portfolios in this document, from portfolio 1 (low risk) to portfolio 7 (high risk). The Receivers further note that Mr Donnelly signed the 'Financial Adviser Declaration' in this document, purporting to be an authorised financial advisor acting for Brite Advisors (the Receivers understand that Mr Donnelly has never been an authorised financial adviser in Australia). The Receivers note that the DFM trustee application booklet contains the allocations for the Model Portfolios at the point in time for this specific Beneficiary, it is not necessarily representative of Model Portfolios presented by Brite Advisors to other Beneficiaries.

4.2 STM Fidecs Beneficiaries

- 4.2.1 Seven Beneficiaries moved their portfolios from STM to Brite Advisors (**STM Fidecs Beneficiaries**), all of which have Minerva Notes in their Brite Advisors portfolios.
- 4.2.2 We have reviewed Brite Advisors' records and understand that the following occurred in respect of the STM Fidecs Beneficiaries (refer **Document 34**):
- (a) Tribune Limited acted as the financial advisor for a number of Beneficiaries who initially had their pension invested with STM (i.e. off the Brite platform).
 - (b) The Receivers have located dealing instructions which were filed with STM on 2 August 2017 for five of the seven STM Fidecs Beneficiaries to purchase Minerva Notes. The dealing instructions outline Mr Donnelly as Independent Financial Adviser, and Mr Couch as the 'contact' for Tribune Limited and were signed by the five Beneficiaries.
 - (c) STM advised Mr Donnelly and Mr Couch that they were not able to accept Minerva Notes without confirmation that the Minerva Notes were suitable for 'retail investors' as the Minerva Notes were considered to be a non-standard investment. STM Fidecs outlined that, as a result of regulations, an investment must be deemed as suitable for retail investors, unless the investor is a 'professional investor'. If the investors were not professional investors, STM Fidecs requested a copy of an advice letter signed by the advisor and member setting out details of the Minerva Notes.
 - (d) Mr Donnelly and Mr Couch disagreed with STM's assessment, and outlined that they sought legal advice in Gibraltar and their view was that *'Investments are allowed on behalf of retail customers if, subject to the necessary due diligence, they are deemed to be suitable for retail customers....We have been involved in due diligence with Minerva Lending plc secured notes for six months & we are absolutely satisfied this product is a 'standard investment''*.
 - (e) After considering the Minerva Notes further, STM Fidecs refused to accept the dealing instructions as it was *"not an acceptable asset"*.
- 4.2.3 As a result of the above, the seven STM Fidecs Beneficiaries were transferred to a new Corporate Trustee and had their portfolios transferred to the Brite Advisors platform, after which those Beneficiaries were allocated Minerva Notes. The seven STM Fidecs Beneficiaries have different Corporate Trustees. After the transfer, the former STM Fidecs Beneficiaries are holding a combined value of GBP 2.9m Minerva Notes, with an average cost of GBP 416,023 per Beneficiary.

4.3 Other Beneficiaries

- 4.3.1 Beneficiaries who did not have ForthPlus as their Corporate Trustee and were not STM Fidecs Beneficiaries do not appear to share common circumstances. There are five Corporate Trustees who have Beneficiaries within this group, being Sovereign Pension Services (UK) Limited (now IFGL Pensions Limited) (**IFGL**), MC Trustees (Malta) Ltd (**MC Trustees**), PSG SIPP Limited (**PSG SIPP**), Relay Administration Limited (**Relay**) and GFS Superannuation No. 2 (**GFS**).
- 4.3.2 The Receivers have undertaken initial investigations into the circumstances with the Corporate Trustees above and have set out examples of correspondence below. An exhaustive review has not been undertaken. The list below also includes correspondence with Corporate Trustees and Life Companies which did not ultimately agree to invest in Minerva Notes.
- 4.3.3 The Receivers have undertaken an initial review of the correspondence between (i) a sample of the Beneficiaries of the five Corporate Trustees mentioned at 4.3.1 and (ii) Brite Advisors to understand what representations Brite Advisors made to these Beneficiaries regarding the Minerva Notes.

IFGL

4.3.4 The Receivers located emails indicating that IFGL was considering appointing Brite Advisors as their Discretionary Fund Manager or DFM. During that process, it appears that Mr Donnelly and Reditum conferred in respect of the documentation IFGL were provided in order to convince IFGL to move to Brite Advisors and to accept the Minerva Notes as an investment for its Beneficiaries. The relevant communications are contained in **Document 35** and are summarised below.

- (a) On 11 January 2018, Mr Donnelly sent IFGL an email to provide them with Brite Advisors' DFM client instruction form and DFM portfolios. IFGL advised it needed to review all investments in Brite Advisors' seven portfolios and asked if any of them contained 'non standard' assets as defined by the FCA and requested a fact sheet for Minerva Notes.
- (b) On 26 January 2018, Mr Donnelly wrote to Reditum and said "*Unless we demonstrate the note is a standard asset, Sovereign will reject. The Fact Sheet must inc fees. Standard Assets are tradable in 30 days.*" Mr Donnelly followed with a further email outlining "*...If there is a reference to a 'secondary market' with no liquidity then non standard. Reality is Brite Advisors provides liquidity. You need to remove secondary market reference and stick with listing on IES.*"
- (c) On 27 January 2018, Mr Gore responded to say "*Mark, to get this agreed with our DFMs in the past, we have had the fact sheet (can remove certain references if you wish) and a letter similar to the attached, perhaps with some tweaks. Let me know if you think this will resolve it, and I can get that done.*"
- (d) On 29 January 2018, Mr Donnelly emailed Reditum and said "*Gordon dealing with Fact Sheet. We need to exclude secondary market section for Sovereign to approve.*" On the same day, Mr Donnelly sent Mr Gore mark ups to the Minerva Notes fact sheet. The section on 'secondary market', which outlines that investors may not be able to sell the Minerva Notes easily or at a price that will provide them with a yield comparable to similar investments that do have a developed secondary market, was deleted in the marked-up version.
- (e) Minerva sent a letter to 'Brite Investment Group' on 6 February 2018 which set out the FCA's definition of a 'standard asset' and explains why the Minerva Note is a standard asset. The letter sets out that the Minerva Note is 'priced daily', 'freely transferable' and 'readily realisable'. From available records it appears that a reference to secondary markets has been removed, as requested by Mr Donnelly in the above email.
- (f) On 9 February 2018, IFGL responded and said "*We're comfortable with the letter we received from Minerva confirming that it is a Standard Asset as defined by the FCA.*"

PSG SIPP

4.3.5 The Receivers have located correspondence between Reditum and Mr Donnelly whereby Reditum was advised that PSG SIPP would accept Minerva Notes and that Mr Donnelly would arrange to introduce Reditum to Mr Justin Caffrey of PSG SIPP.

4.3.6 Relevant communications are summarised below:

- (a) On 30 January 2018, Mr Donnelly emailed Mr Simon Morris of Reditum and told him "*PSG will accept Minerva but the DB reporting companies will not. AES rejected Minerva. Only solution is Brite sets up its own SIPP and FCA firm with DB permissions. We also promote a UK pension solution offshore called 480Plus.*" (refer **Document 36**).
- (b) On 2 February 2018, Mr Donnelly emailed Mr Aiden Henderson and Mr Morris of Reditum in which he introduced Mr Caffrey of PSG SIPP stating "*We need to get Sovereign approval for current AUM and I can put you in touch with Justin Caffrey from the PSG SIPP who will accept Minerva.*" (refer **Document 38**).
- (c) On 6 February 2018, Mr Donnelly emailed Mr Aiden Henderson and said "*PSG good to go and I'll introduce Justin Caffrey tmr.*" (refer **Document 37**).
- (d) On 6 December 2018, Mr Donnelly emailed Mr Chris Long and Mr Gore of Reditum and said "*We just received FCA approval for the purchase of Basi & Basi with DB permissions. Changes dynamics as we are in control of DB reports.*" (refer **Document 39**).

- (e) On 16 April 2019, Mr Caffrey emailed Mr Donnelly and Mr Lymer in relation to the acquisition of shares in PSG SIPP (which was controlled by Mr Caffrey) and said *"Also to speed up the transaction we can conclude part one where you take my 19.9% over. This makes you a shareholder to facilitate Fca approval, but below the required threshold to seek formal permission. Then you are concluding a takeover whilst already holding issued shares. I have used this mechanism before. Then you submit the docs for takeover of all shares."* (refer **Document 40**).

- 4.3.7 Valletta Holdings Ltd, Mr Michael Baker, Mr Duncan Parsons and Ms Natalie Pike (as sellers) and Basi & Basi (as buyer) entered into an share purchase agreement in 2019 whereby Basi & Basi purchased the shares of PSG SIPP (refer **Document 42**). Basi & Basi is a wholly owned subsidiary of BAG.
- 4.3.8 The total consideration under the agreement was GBP 1.1m which was payable to the sellers. The Receivers have identified that the purchase price was substantially paid by Brite Advisors (and not Basi & Basi or BAG).
- 4.3.9 Additionally, the Receivers understand that as part of this transaction, a large consultancy fee (GBP 615,064) was paid by Brite Advisors to an entity associated with Mr Caffrey, Justin Caffrey Global Ltd, using client funds from Brite Advisors.

Relay

- 4.3.10 Relay (formerly Centurion Administration Limited) is the parent company for Corporate Trustees Corinthian Pension Trustees Limited and Pantheon Pension Trustees Limited.
- 4.3.11 The Receivers located correspondence with Relay, whereby Relay was advised that Brite Advisors was going to invest cash balances in Minerva Notes, and Relay expressed concern. Brite Advisors responded to Relay's questions, but ultimately advised it would consult individual Beneficiaries in respect of investments in the Minerva Notes. The relevant communications are enclosed at **Document 45**, and are summarised below:
- (a) On 25 April 2020, Centurion Administration Limited (now Relay) emailed Mr Donnelly and said *"Francois has informed me that you instructed that the Pantheon cash balances were to be invested in the attached Bond. I am somewhat concerned about this especially as our understanding was that the Pantheon funds would be invested in the Brite Portfolios. Indeed our mailing said as much and all correspondence with the Gibraltar FSC was on this basis who are more than happy with it."* Centurion Administration Limited went on to ask a number of questions in relation to Minerva including (i) the investment rationale, (ii) timing of coupon payments, (iii) how members funds will be allocated, and (iv) how it's valued. The reference to "Brite Portfolios" appears to be a reference to the model portfolios offered by Brite Advisors. As noted at 4.1.8, the Receivers located a document which outlines that Brite Advisors' Model Portfolios included Minerva Notes at a 20% weighting, at least at that point in time.
- (b) Mr Donnelly subsequently replied on 27 April 2020 and said *"Considering the Pantheon cash is across a number of members we will contact individual members and carry out KYC and risk profiling to determine if members are interested in."*
- (c) We have not located further correspondence relating to Relay investments in Minerva Notes. From a review of the records available to the Receivers, the Receivers have only been able to locate correspondence with one Relay Beneficiary which shows that the Beneficiary was notified of and/or aware of the Minerva Notes in their portfolio which is set out at 'Beneficiary C' at section 4.3.17 below.

MC Trustees

- 4.3.12 The Receivers have been unable to locate any correspondence relating to investments in Minerva Notes between MC Trustees and Brite Advisors. From a review of the records available, the Receivers have only been able to locate correspondence with one MC Trustees Beneficiary which shows that the Beneficiary was notified of or aware of the Minerva Notes in their portfolio which is set out at 'Beneficiary F' at section 4.3.17 below.

Life Companies

- 4.3.13 The Receivers located correspondence from Life Companies, Friends Provident International Limited and RL360 Insurance Company Limited (**RL360**), rejecting the investment in Minerva Notes as follows:
- (a) Brite Advisors wrote to Friends Provident International on 15 August 2018 seeking approval of Friends Provident International Limited of the Minerva Notes, outlining that *"We have GBP 10million to place on this note once it is approved"*. After asking a number questions Friends Provident International Limited said that the Minerva Notes fail to meet their operation criteria and would therefore be unacceptable as it is alternative lending, has no credit rating and cannot be traded (refer **Document 46**).
 - (b) The Receivers identified correspondence between Mr Donnelly and RL360 whereby Brite Advisors is seeking approval from RL360 for the Minerva Notes. RL360 advised on 13 July 2017 *"We have had another look at this and unfortunately we are not going to reverse our decision. We fully understand that an organisation like Minerva may not have a credit rating and nor will its bonds however, it is a parameter that we take into account when reviewing assets linked to any financial institution. Also, we found some information online that intimated that there was a default on a previous issue although we couldn't find anything to back this up."* In response to this email, Mr Donnelly said in an email dated 14 July 2017, *"These guys are absolutely clueless! Anyway we are moving clients from the Life Companies with immediate effect. Brite takes over as custodians and we invest direct with Minerva and the rest of our assets are with IB. We can have this done within 4 weeks."* (refer **Document 47**).

General correspondence with Reditum

- 4.3.14 The Receivers located correspondence between Mr Donnelly and Reditum which (i) refers to the rejection of multiple Corporate Trustees and Life Companies of the Minerva Notes, and (ii) confirms that Minerva is not a 'standard' asset and (iii) suggested the Minerva Notes need to be sold from UK SIPP's as a result of an FCA investigation as follows:
- (a) The Receivers identified correspondence from Mr Donnelly to Reditum on 13 November 2018 stating *"As I mentioned last week the FCA contacted all UK SIPP providers and are currently auditing a number of providers including London Colonial and Sovereign.....London Colonial had members investing with Strand Capital and Minerva was part of that portfolio..... FCA firms like IPTS and Basi&Basi which we used for DB reports refused to accept Minerva. The TVAS reports (attached) exclude Minerva whereas our valuations include Minerva. Sovereign accepted Minerva within the DFM once we demonstrated 30 day liquidity... Q3 valuations include Minerva and any investigation will link Brite Advisors to Minerva without reference in the DB report. We need to sell Minerva held within a UK SIPP by the end of Q4 and reallocate.... I suggested rebranding Minerva months ago and going forward we need an alternative via a UCITS directly funding Reditum or associated lenders."* (refer **Document 48**).
 - (b) The Receivers identified correspondence from Mr Donnelly to Reditum on 1 January 2019 stating *"STM Group have once more rejected Minerva within our DFM. I met with CEO Alan Kentish and he won't be persuaded even if we threaten to transfer members. I feel I'm flogging a dead horse! To date we've had Trustees, Life Companies and DB providers all reject the product. As STM pointed out Minerva isn't a 'standard asset' for the purposes of a UK SIPP. I have 4M of Minerva which needs reallocation in January..... I need to raise finance and a Minerva AUM deal is dead in the water..."* (refer **Document 49**).
 - (c) The Receivers identified correspondence from Mr Donnelly to Reditum on 16 July 2019 stating *"We need to restructure ASAP or we are breach of our regulatory obligations. The only way to hold the notes is via private clients (not our area) we buy AUM which can hold Minerva or we borrow from IB @ 1% and Brite invests in part of Minerva (huge risk) Bottom line pension providers and UCITS administrators won't accept Minerva. We need to move fast as Malta Pension providers will report Brite to the regulator."* (refer **Document 50**).
 - (d) The Receivers identified correspondence from Mr Donnelly to Reditum on 16 July 2019 stating *"This is a regulation issue and nothing to do with AM or the nature of the investment. We have every confidence in Minerva. Trustees and UCITS administrators both rejected the product. We provided the trustees with the following documents from Minerva in order to approve the Note. We are both digging ourselves a hole as Minerva isn't a standard product. Let's consider an orderly redemption which is approved by the trustees....Only alternative is a cap guarantee and Brite invests in part of the AUM financed by IB."* (refer **Document 51**).

Beneficiaries

- 4.3.15 The Receivers investigated a sample of 25 of these 46 Beneficiaries, to understand what knowledge these Beneficiaries had about the Minerva Notes in their portfolios. For the majority of sampled Non-ForthPlus Beneficiaries (19 of 25 Beneficiaries), the Receivers did not locate any correspondence between the Beneficiary and Brite Advisors in relation to the Minerva Notes.
- 4.3.16 A sample of the correspondence which was located is set out below. This correspondence provides examples of (i) Beneficiaries being apparently unaware that they had been invested in Minerva Notes, (ii) Beneficiaries saying that they had provided no instructions to have their funds invested in Minerva Notes, and (iii) the representations being made to Beneficiaries regarding the risk profile and income producing benefits of the Minerva Notes.
- 4.3.17 As outlined at section 4.1.7 above, the Receivers identified at least one instance where Brite Advisors was using their DFM powers to allocate investments in Minerva Notes to Beneficiaries (refer Beneficiary F below).

(a) Beneficiary A:

- (i) Beneficiary A said in an email on 1 July 2019 *"Who are Minerva Lending plc? 20% invested there. I presume that was standard investment as I can't remember agreeing to this but I could have signed something unawares telling me that this is how it was going to be invested."* A representative of Brite Advisors, responded saying *"The two investments you have are very low risk.....the Minerva is an income producing note that helps covering the fees."* (refer **Document 52**).
- (ii) According to the current data, Beneficiary A was allocated GBP 9,062 of Minerva Notes (90 units) in their portfolio in August 2018 and GBP 18,000 in June 2018 (175 units). No dealing instructions were located. The 265 units were sold back to Brite Advisors in February 2020.

(b) Beneficiary B:

- (i) On 31 July 2017, Mr Donnelly wrote to Beneficiary B and said *"BG Group finally made the transfer to London Colonial. Paul will send over a risk profile and we can assess the required portfolio. As I mentioned we invest 20% into a Minerva Note which pays 6% pa. The remainder is ETF based and I know you want to approve and potentially manage the portfolio. We can work with Gordon to finalise asset"*. (refer **Document 53**).
- (ii) On 18 September 2018, Beneficiary B said *"Francois has sent me a link to get the Brite Advisors App, which I have successfully accessed – thanks very much. However I see that I have 3856 shares (currently valued at \$387,674.51) in Minerva Lending PLC and 1441 shares (currently valued at \$190,205.06) in ISHARES UK GILTS 05YR, neither of which I had requested and which have resulted in a net loss (as of today) of \$3576. I would appreciate an explanation of how this has happened."* (refer **Document 54**).
- (iii) On 2 October 2018, Mr Donnelly responded *"We allocated Minerva and UK Gilts to ensure a return on cash to cover your fees. We will convert back to cash ASAP and ensure there are no losses. Minerva is earning 6% pa and we offer daily liquidity"*. (refer **Document 54**).
- (iv) On 3 October 2018, Beneficiary B said *"I don't mind the gilt investment - you can leave that in place, but I don't want to be invested in stocks like Minerva that I have no information about."* (refer **Document 54**).
- (v) According to the current data, Beneficiary B was allocated GBP 59,104 of Minerva Notes (586 units) in their portfolio on 20 February 2018 and GBP 329,550 in June 2018 (3,270 units). Beneficiary B had their 3,856 units in February 2020 purchased by Brite Advisors (well after they made the request).

(c) Beneficiary C:

- (i) Brite Advisors sent Beneficiary C an email detailing the investment split they recommended on 5 April 2018. Brite Advisors sent a revised recommended investment allocation on 25 June 2018 and a further revised recommended investment allocation on 28 June 2018. Between these three emails, the recommended allocation to Minerva was 20%, then 30%, and then 10%. Beneficiary C asked a few queries regarding Minerva on 27 June 2018, however, agreed on 28 June 2018 to the proposed trades (enclosed at **Document 55**).

(d) Beneficiary D

- (i) On 9 July 2018, Beneficiary D said *"I had a quick look at the Minerva bond – it seems very high risk – no? That's presumably why they are offering 7%... Is it not strange that they say it's for sophisticated high net worth individuals, yet the minimum investment is only \$1000?"* (refer **Document 56**)
- (ii) On 9 July 2018, Mr Donnelly responded *"Any direct offering in the UK is classed as 'sophisticated investors' only. I think the 1,000 minimum is for the ISA market. Our DD on Minerva was positive and the space offers attractive returns for investors. The UK banks aren't lending and Minerva is a secured note against high quality UK assets. Sovereign as a SIPP provider only accept 'standard' assets with liquidity."* (refer **Document 56**).
- (iii) On 14 July 2018, Beneficiary D responded *"When do you think we should start dripping in some money? I am a bit nervous about all the trade war talk but guess the money doing nothing at the moment. Do any of the proposed investments offer much protection against a large fall in the FTSE or S&P? How much money would you propose putting into Minerva?"* (refer **Document 56**).
- (iv) On 18 July 2018, Mr Donnelly responded *"We invested less than 20% in Minerva (limit on DFM) which is providing a return of 6%. I would commit 250K to the markets. It's impossible to time or protect but we have loss limits as part of our algo which means we can rebalance. I avoid the noise (media gossip) as not relevant when investing \$."* (refer **Document 56**).
- (v) On 7 March 2020, Beneficiary D sent an email to Richard Lissenden saying *"Just braved it and a had a peek.....looks like we have got out of the Minerva property... so now sitting at 62% cash – what was up with Minerva – was it getting risky – did we take a big hit? What's the thinking – just hang on to cash until hopefully the bottom is sensed?"* (refer **Document 57**).
- (vi) On 7 March 2020, Richard Lissenden responded *"Yes Minerva note has ended, it was a good solid performer, now redeemed."* (refer **Document 57**).

(e) Beneficiary E

- (i) On 1 April 2019, a Brite Advisors financial advisor wrote to Mr Couch and advised that their client invested on the platform 'before Christmas' but their account was still in cash. Mr Couch forwarded the email to a number of separate Brite Advisors' personal and said *"Can we use this client as a starting point. Do we have pool assets available we can allocate retrospectively?"*
- (ii) A separate Brite Advisors' person responded to propose an allocation method of (i) 20% Minerva Notes, (ii) 2-3% cash, and (iii) 77% investments per the Discretionary Fund Management form (enclosed at **Document 58**).

(f) Beneficiary F

- (i) On 7 May 2018, Beneficiary F sent an email to Mr Donnelly saying *"Great to catchup last week, thanks for dinner. I am keen to progress with my 50%, appreciate the offer to backdate the interest on 500k of Minerva I am keen to be able to execute against my 50%. Please advise how this will work."* (**Document 59**).
- (ii) The Receivers also identified a DFM agreement in the name of Beneficiary F which discloses that Minerva was to be weighted at 20% in their model portfolio (**Document 33**).
- (iii) According to the current data, Beneficiary F bought GBP 500,000 of Minerva Notes (4,943 units) in their portfolio in February 2018 and sold their 4,943 units in August 2018.

4.4 ForthPlus Beneficiaries

- 4.4.1 ForthPlus was the Corporate Trustee for the majority of Minerva Beneficiaries who are still recorded as holding Minerva Notes.
- 4.4.2 As set out below, GBP 500k of Client AuM was used by Planet Pensions Ltd (a Brite related entity) to purchase Square Mile, an advisory company who controlled pension assets. The key objective of the transaction appears to be so that Brite Advisors could use its control over Square Mile to facilitate transfer of pensions from ForthPlus to the Brite Advisors platform, and then use those funds to invest in Minerva Notes.
- 4.4.3 This is set out in detail below:
- (a) Mr Donnelly and Mr McKenna incorporated Brite Advisors UK Ltd which became Planet Pension Ltd (**Document 60** and **Document 61**).
 - (b) On 17 January 2019, Planet Pension Ltd (as purchaser), Lillywhite International Limited, Corzak Limited (as sellers) and Michalsa Holding SRO (as the target company) entered into a Share Purchase Agreement (**Document 62**). Michalsa Holding SRO held 100% ownership in Square Mile Financial Services SRO (**Square Mile**), which is defined in the Share Purchase Agreement as being 'the current owner of certain assets under management'.
 - (c) The terms of the Share Purchase Agreement were that Planet Pension Ltd (as purchaser) purchased ownership of Michalsa Holding SRO for total consideration of GBP 0.75m.
 - (d) The Share Purchase Agreement was signed by (i) Mr Vilka on behalf of Corzak Limited and Michalsa Holding SRO and (ii) Mr McKenna on behalf of Planet Pensions Ltd. The Receivers have identified email correspondence between Mr Vilka and Brite Advisors in which Mr Vilka's email signature discloses he is the Managing Director of Square Mile (**Document 63**).
- 4.4.4 On 21 March 2019, GBP 0.5m was paid from the Westpac GBP Operational Account to a bank account held by Child & Child Limited (**Child & Child**), lawyer acting for Lillywhite International and Corzak Limited as sellers, with the transaction description "Square Mile SPA" (**Document 64**). The Receivers have investigated the source of the GBP 0.5m paid from Brite Advisors' Westpac GBP Operational Account and identified a deposit from Interactive Brokers of GBP 1m into the Westpac GBP Operational Account on 20 March 2019 (i.e. the day before) (**Document 65**). An Interactive Brokers activity statement for Account I9876295 identifies that GBP 1m was withdrawn from the account on 20 March 2019 (**Document 66**).
- (a) The Receivers have identified email correspondence at **Document 71** in December 2018 (i.e. just before the Share Purchase Agreement is entered into) between Mr Vilka and Brite Advisors as follows:
 - (i) A Brite Advisors' General Manager, Edward Rice, said *"My sentiments, as discussed yesterday, are that the market is going to change quickly. If we/you are able to get ahead of the curve then there is huge opportunity to grab AUM. This applies both personally and for Brite. We will happy look at a plan to tie key staff into the business with an exit plan when we sell, however they will need to have the same plan as us to build AUM with a buyout at the end."*
 - (ii) Mr Vilka said to Mr Rice of Brite Advisors *"I also believe that with the majority of clients within Forthplus SIPP, we have discretionary powers, so I believe we could quickly novate the clients over to Brite and place onto the Brite Platform / DFM without having to arrange for the clients to sign more paperwork."*
 - (b) Between February 2019 and April 2019, Brite Advisors received GBP 1.2m from ForthPlus in relation to 57 Beneficiaries' pensions being transferred to the Brite Advisors platform, as follows:
 - (i) On 25 February 2019, ForthPlus transferred GBP 319,305 to the Brite Advisors' Westpac GBP Client Account in 13 separate payments (refer **Document 67**);
 - (ii) On 12 March 2019, ForthPlus transferred GBP 505,619 in one payment to Brite Advisors Westpac GBP Client Account (refer **Document 68**);
 - (iii) On 12 April 2019, ForthPlus transferred GBP 324,341 in one payment to Brite Advisors Westpac GBP Client Account (refer **Document 69**); and
 - (iv) On 26 April 2019, ForthPlus transferred GBP 11,423 in one payment to Brite Advisors Westpac GBP Client Account (refer **Document 69**).

- (c) On the same day the above cash amounts were transferred to Brite Advisors and the 57 ForthPlus Beneficiaries were on boarded to Brite Advisors (i.e. between February 2019 and April 2019), those 57 ForthPlus Beneficiaries were allocated Minerva Notes to their portfolios. However, as set out at section 3, Brite Advisors had purchased Minerva Notes between November 2017 and October 2018, well before the Minerva Notes were allocated to the ForthPlus Beneficiaries.
- (d) In July 2020, Square Mile went into liquidation (after it changed its name to Planet Pensions Limited S.R.O) (enclosed at **Document 70**).
- (e) On 19 October 2021, ForthPlus was placed into external Administration (refer **Document 70**).
- (f) In late 2021, iPensions purchased the ForthPlus SIPP business from ForthPlus (refer **Document 70**).

- 4.4.5 The FSCS set out on its website that customers have alleged that Square Mile gave customers unsuitable advice in connection with pension transfers into and from several pension schemes, including the ForthPlus SIPP (administered by ForthPlus). On 4 February 2023, FSCS declared Square Mile in default and the FSCS is accepting claims against Square Mile involving advice in connection with pension transfers into and from the ForthPlus SIPP. The Receivers understand that FSCS will investigate whether these claims against Square Mile are eligible for compensation under their rules (refer **Document 70**).
- 4.4.6 The Receivers reviewed the books and records for a sample of the ForthPlus Beneficiaries in an attempt to locate on-boarding documents for those Beneficiaries. For the sample reviewed, no such documents were identified.
- 4.4.7 Of the 57 ForthPlus Beneficiaries, 37 still have Minerva Notes in their portfolios and 19 had their Minerva Notes repurchased by Brite Advisors.

5 Repurchase of the Minerva Notes from Beneficiaries' portfolios

Key Findings

- The Minerva Notes were repurchased by Brite Advisors from Beneficiaries' portfolios (i) on an ad-hoc basis for a small number of Beneficiaries prior to February 2020, or (ii) as part of a systematic repurchasing exercise taken place in February 2020, or (iii) not at all. The repurchases were generally made at the purchase price (i.e. the price which the Beneficiary initially paid for the Minerva Notes). As at 13 December 2023, only 37 Beneficiaries still held Minerva Notes in their portfolio (all of whom were ForthPlus Beneficiaries).
- The repurchase by Brite Advisors was given effect by adjustments to Brite Advisors' own records, such that (i) the Beneficiaries' investment in the Minerva Notes was reduced, and (ii) the Beneficiaries' cash holdings were increased by the issue price of those notes. Brite Advisors did not contribute additional cash to the IB Platform to fund the increase in cash holdings reflected in these adjustments.
- The Minerva Notes still held by Beneficiaries are valued at the value recorded in the 13 December 2023 Data, which appears to be the average cost price of the Minerva Notes acquired by Brite Advisors.
- It appears that the systematic repurchase of Minerva Notes in February 2020 by Brite Advisors was completed due to concerns around the recoverability and suitability of the Minerva Notes.
- The Receivers have reviewed the books and records of Brite Advisors and have been unable to identify any explanation for why the ForthPlus Beneficiaries' holdings were not repurchased.

- 5.1.1 At 13 December 2023, 37 Beneficiaries held Minerva Notes in their portfolio. In respect of the remaining 72 Beneficiaries, Brite Advisors had repurchased the Minerva Notes held by these Beneficiaries prior to this date. The repurchases generally took place at the issue price (which was also the price paid by the Beneficiaries when the notes were allocated to their portfolio). These repurchases took place either (i) for a small number of Beneficiaries, on an ad-hoc basis prior to February 2020 (in some cases, where the Beneficiary was leaving Brite) (ii) as part of a systematic repurchasing exercise undertaken by Brite Advisors in February 2020, or (iii) not at all.
- 5.1.2 The Minerva Notes still held by Beneficiaries are valued at the value recorded in the 13 December 2023 Data, which appears to be the average cost price of the Minerva Notes acquired by Brite Advisors.
- 5.1.3 This repurchase of the Minerva Notes which Brite Advisors sought to implement was achieved through adjustments to its own records to reflect (i) the Beneficiaries' investment in the Minerva Notes was reduced to zero, and (ii) the Beneficiaries' cash holdings were increased by the issue price of those notes. Brite Advisors did not contribute additional cash to the IB Platform to fund the increase in cash holdings reflected in these adjustments.
- 5.1.4 The 3 types of sale of the Minerva Notes are detailed below and set out in the table that follows:
- Category A - Minerva Beneficiaries whose Minerva Notes were sold prior to February 2020 and who do not have any Minerva Notes as at 13 December 2023 (5 in total);
 - Category B - Minerva Beneficiaries whose Minerva Notes were repurchased by Brite Advisors in February 2020 who do not have any Minerva Notes as at 13 December 2023 (67 in total); and
 - Category C - Minerva Beneficiaries that invested via ForthPlus as their Corporate Trustee and they still have Minerva Notes as at 13 December 2023. Some of these Beneficiaries had a portion of their Minerva Notes sold in February 2020 (37 in total).

Re-purchase of Minerva Notes by Brite Advisors

Type	Details	#	Purchase of notes	Sale of notes	Current holding
Category A	Repurchased by Brite Advisors prior to Feb 2020	5	641,297	(641,297)	-
Category B	Repurchased by Brite Advisors in Feb 2020	67	7,043,184	(7,043,184)	-
Category C	Notes still held	37	639,062	(198,241)	444,132
Total		109	8,323,543	(7,882,722)	444,132

5.2 Systematic repurchase in February 2020

- 5.2.1 As part of a systematic repurchasing exercise in February 2020, Brite Advisors repurchased the Minerva Notes held by 67 Beneficiaries in full. As a result of this exercise, the only Beneficiaries who had Minerva Notes in their portfolios at 13 December 2023 were 37 ForthPlus Beneficiaries.
- 5.2.2 Of the 37 ForthPlus Beneficiaries who held Minerva notes at 13 December 2023, 32 of these Beneficiaries also had Minerva Notes in their portfolio repurchased in February 2020, however, they were not repurchased in full.
- 5.2.3 The repurchase by Brite Advisors was given effect by adjustments to Brite Advisors' own records, such that (i) the Beneficiaries' investment in the Minerva Notes was reduced, and (ii) the Beneficiaries' cash holdings were increased by the issue price of those notes. Brite Advisors did not contribute additional cash to the IB Platform to fund the increase in cash holdings in Beneficiaries' portfolio reflected in these adjustments.
- 5.2.4 Beneficiaries either (i) used the cash which was credited to them to subsequently purchase other investments, or (ii) held the cash in their cash account which remained uninvested. Where Beneficiaries used the cash which was credited to them to subsequently invest in other investments, these investments were either made at their discretion (i.e. bespoke assets) or alternative investments were allocated to the Beneficiary by Brite Advisors as the DFM.
- 5.2.5 The subsequent purchase of investments would have required actual cash to purchase the investments on the IB Platform. Given Brite Advisors did not transfer cash to the IB Platform when it 'repurchased' the Minerva Notes, from a practical perspective, the cash would have been sourced from the existing Client AuM on the IB Platform and/or via the Margin Loan facility (secured against the Client AuM).
- 5.2.6 The Receivers have reviewed the books and records of Brite Advisors to understand why Brite Advisors conducted the systematic repurchasing exercise in February 2020. The correspondence is summarised below.
- 5.2.7 In an email dated 22 November 2019, Mr Donnelly wrote to Mr Gore and said "*We have the FCA all over SIPP business. Our CEO for the UK business spent 2 hours in meetings with the FCA last week. This isn't going to end well I'm afraid! Bottom line we allocated Minerva to UK pensions contrary to DB reports.*" (refer **Document 72**).
- 5.2.8 In an email dated 17 February 2020, Mr Donnelly wrote to Mr Gore and said "*Need to meet as all Minerva will be removed from client accounts in Malta, Gibraltar and final few in UK SIPPS from March 1st. As mentioned previously we need an alternative plan of action ASAP. You could try listing Minerva on Euronext in Amsterdam or Brussels. These are tradable on Interactive Brokers unlike Ireland. We could hold the assets via direct investments rather than pension assets. Maybe Reditum can finance offshore AUM to hold Minerva assets*". (refer **Document 73**).
- 5.2.9 As set out in **Document 74** and **Document 75**:
- (a) In an email dated 20 February 2020, Mr Donnelly wrote to Mr Gore and said "*As discussed yesterday we will go ahead and remove Minerva from all client accounts from March 1st. Options 1. As we are raising capital we could do a deal on upfront coupons. We take now and use debt on IB at < 1%. 2. Makes sense to transfer to Euronext with Amsterdam or Paris traded on IB. Alternatively package with Brite offering. Regardless best if transferred to IB. If Minerva defaults then Brite in serious trouble. Can we look at equity/convertible? Can we look at guarantees?*"
- (b) In an email dated 21 February 2020, Mr Donnelly wrote to Mr Gore and said "*We need to meet cap ad requirements ASAP. Selling Minerva and holding outside of client accounts will be executed Feb 28th. Thereafter can we do a deal on the coupons and it's Brite responsibility to hold the Minerva till maturity.*"
- (c) In an email dated 4 March 2020, Mr Donnelly wrote to Mr Gore and said Brite Advisors and said "*As we disrupt the offshore market, no surprise that a number of Life Companies and Trustees are gunning for Brite. RL360 and OMI terminated TOB last week with immediate effect. We receive service fees until clients transfer to IB. Lost revenue is \$250K per month. We are pushing the 'reduce fees and transparency model' Unfortunately someone has a copy of a 2017 portfolio which inc Minerva and Alpha. This is an internal document, we never used the portfolios but the conspiracy theories are out there re Brite.... We have no Minerva in any client portfolios so the house holds £9M of Minerva. Gotta find a solution ASAP or the House of Brite falls over.*" As set out at section 4.1.7. the Receivers have located a document (which was signed by Mr Donnelly) which did include the Minerva Notes in the Model Portfolio which appears to contradict the statement made by Mr Donnelly above.

- 5.2.10 In an email dated 24 November 2020, Mr Couch wrote to ForthPlus and said *"Brite took the decision to disinvest clients from Minerva in mid to late February 2020, due to short-term liquidity concerns. The coupon payments paid half-yearly were delayed, but only by a matter of weeks & have since been accredited to your clients' account."* (refer **Document 76**).
- 5.2.11 The Receivers issued correspondence to Mr Lymer at commencement of the appointment asking a number of queries. Mr Lymer advised the Receivers on 11 January 2024, that: *"Redditum (issuer of the Minerva Note) were a strategic partner in 2016. The Minerva Note stopped paying out coupons so Beneficiaries invested in Minerva were 'sold out' via margin loan. The Minerva Note is due to mature in 2024 and funds will be returned to repay"* (enclosed at **Document 77**).

5.3 ForthPlus Beneficiaries

- 5.3.1 37 ForthPlus Beneficiaries still held Minerva Notes as at 13 December 2023, notwithstanding 32 of the 37 did have a portion of their Minerva Notes repurchased in February 2020 as explained above.
- 5.3.2 The Receivers have reviewed the books and records of Brite Advisors and have not been able to identify why the ForthPlus Beneficiaries' holdings were not repurchased in full like all other Beneficiaries.
- 5.3.3 The Receivers identified email correspondence between ForthPlus and Brite Advisors as follows (refer **Document 76**):
- (a) ForthPlus sent an email on 11 November 2020 to Brite Advisors stating that a member of ForthPlus asked the following question *"I still have no update as to the status of this investment nor do I have any information or factsheet as to the investments held or the terms of the investment contract. I can see that the value you've stated for the investment remains fairly static so I'm assuming that any interest due will be applied at the end of the investment term..... I've tried making contact with the Discretionary Fund Manager Brite Advisors but they're not returning my calls / emails, do you know whether they're still trading? So I need to know asap as to whether this investment is in default and still showing a value on your valuation statement or whether it still active and can be surrendered..."*.
 - (b) ForthPlus followed this email up several times before a response was received by Mr Couch stating *"Brite took the decision to disinvest clients from Minerva in mid to late February 2020, due to short-term liquidity concerns. The coupon payments paid half-yearly were delayed, but only by a matter of weeks & have since been accredited to your clients' account.....I'll arrange for an updated valuation to be issued....."*.
- 5.3.4 The Receivers identified correspondence between Brite Advisors and iPensions (the party who purchased ForthPlus) whereby iPensions asked questions about the Minerva Notes, following up requests for information and raising a number of questions in respect to the ForthPlus Beneficiaries' investments in Minerva, namely (refer **Documents 78 & 79**):
- (a) were the assets recommended by an appointed advisor or by Brite Advisors;
 - (b) are the assets realisable;
 - (c) why were 100% of the clients' funds invested in one product;
 - (d) copies of fact sheets and due diligence undertaken by Brite Advisors prior to the investment in Minerva;
 - (e) copies of agreements entered into between ForthPlus SIPP and Brite Advisors;
 - (f) processes regarding full surrenders, withdrawals and account closures and the relevant documentation; and
 - (g) line-by-line breakdown of ForthPlus Beneficiaries accounts.
- 5.3.5 The Receivers have not located a response to the above queries from Brite Advisors.

6 Minerva solvency

Key Findings

- Minerva Notes were due to mature on 30 June 2024 and ought to have paid 6% coupon payments bi-annually. Brite Advisors received coupons totaling GBP 1.5m between the December 2017 and December 2020 periods, but no coupons were received after that.
- The Minerva Notes have not been recorded in either the management accounts or year-end financial statements of Brite Advisors since 30 June 2020 and at 31 December 2022, Minerva had net current assets of only GBP 2.1m.
- No payment, or advice of pending payment has been received by the Receivers and recovery of the Minerva Notes appears unlikely.

6.1.1 According to the prospectus of the Minerva Notes, the Minerva Notes were due to mature on 30 June 2024 and ought to pay 6% coupon payments bi-annually (enclosed at **Document 14**).

6.1.2 Brite Advisors received coupons totalling GBP 1.5m between the December 2017 and December 2020 periods as set out in the table below (refer **Document 80**):

Coupons received by Brite Adviosrs							
Coupon period	480 Plus HK Limited		GFS		Brite Advisors		Total
	GBP	Date	GBP	Date	GBP	Date	
31-Dec-17	10,843	28-Mar-18	5,389	28-Mar-18	14,544	28-Mar-18	30,776
30-Jun-18	19,920	17-Jul-18	9,900	17-Jul-18	188,970	18-Jul-18	218,790
31-Dec-18	19,000	11-Feb-19	9,786	22-Feb-19	230,171	31-Jan-19	258,957
30-Jun-19	18,872	17-Jul-19	9,370	17-Jul-19	224,469	17-Jul-19	252,711
31-Dec-19	18,874	10-Jan-20	9,370	10-Jan-20	223,874	10-Jan-20	252,117
30-Jun-20	18,918	17-Aug-20	9,399	17-Aug-20	223,905	19-Aug-20	252,222
31-Dec-20	-	-	-	-	223,882	26-Aug-21	223,882
Total	106,427	-	53,213	-	1,329,814	-	1,489,454

6.1.3 For reasons unknown to the Receivers, Brite Advisors received the coupons for 480 Plus HK Limited and GFS, as well as Brite Advisors.

6.1.4 As set out above, the coupons were generally paid around the time the coupons were due, except for the December 2020 coupon which was not paid until August 2021. Email correspondence has been located which shows Brite Advisors pursuing payment of the December 2020 coupons as a result of them being overdue (refer **Document 81**).

6.1.5 On 2 March 2023, Brite Advisors obtained a detailed advice on the recovery of the Minerva Notes from a UK lawyer, and the options available to Brite Advisors as a result of the non-payment of coupons and concerns regarding Minerva's ability to repay the principal amounts invested (enclosed at **Document 82**).

6.1.6 The Receivers understand that in August 2023, Minerva was issued with a notice of an 'Event of Default' (enclosed at **Document 83**).

6.1.7 The Minerva Notes have not been recorded in either the management accounts or year-end financial statements of Brite Advisors since 30 June 2020 (enclosed at **Document 84**).

6.1.8 At 31 December 2022, Minerva had net current assets of GBP 2.1m (compared to GBP 2.7m at December 2021) (enclosed at **Document 85**). According to the Companies House website, Minerva's last accounts were prepared up to December 2022.

6.1.9 A Euronext announcement dated 14 April 2024, advised that Minerva was issued with a suspension notice, due to the non-publication of annual and half yearly financial reports (enclosed at **Document 86**).

6.1.10 To date, no payment, or advice of pending payment has been received by the Receivers and recovery of the Minerva Notes appears unlikely.

7 Impact of alternative treatment of Minerva Notes

Key Findings

- The Receivers have valued the Minerva Notes still held by the Beneficiaries at the value recorded in the 13 December 2023 Data, being the average cost price of the Minerva Notes and propose to treat this as an entitlement to the Deficient Mixed Fund. To the extent that there is any realisable value from the Minerva Notes, this will be contributed to the Deficient Mixed Fund.
- STM Malta's position is that the Minerva Beneficiaries have no entitlement to share proportionately with the other Beneficiaries who are proposed to participate in the Deficient Mixed Fund given the Minerva Notes are unlikely to result in any recoveries and they should be valued at nil. Additionally, any sale back to Brite Advisors should not be given any effect to in circumstances where the sale back occurred with no apparent instructions given by the respective Minerva Note holding Beneficiary.
- STM Malta's proposal would have three key impacts, being:
 - (i) Reducing the Valuation Notices of the Minerva Beneficiaries, such that the Minerva Notes still held are valued at nil and a deduction equal to the repurchase price is applied to those Beneficiaries whose Minerva Notes were repurchased;
 - (ii) Increasing the recovery rate in respect of Beneficiaries entitled to share in the Deficient Mixed Fund by reducing the total entitlements entitled to share in the Deficient Mixed Fund; and
 - (iii) Requiring the Receivers to consider pursuing the recovery of funds from certain Minerva Beneficiaries where their portfolio balance is less than the value of the Minerva Notes (i.e. the Beneficiary owes money to Brite Advisors).

- 7.1.1 Under the Receivers' current proposal, the Receivers have valued the Minerva Notes still held by the Beneficiaries at the value recorded in the 13 December 2023 Data, being the average cost price of the Minerva Notes and propose to treat this as an entitlement to the Deficient Mixed Fund.
- 7.1.2 Under the Receivers' current proposal, to the extent that there is any realisable value from the Minerva Notes, this will be contributed to the Deficient Mixed Fund. The Receivers would be required to revisit this proposal if STM Malta's Proposal was adopted in the distribution methodology.
- 7.1.3 STM Malta's position is that the Beneficiaries who hold or held Minerva Notes should have no entitlement to share proportionately with the other Beneficiaries who are proposed to participate in the Deficient Mixed Fund.
- 7.1.4 STM Malta's proposal would have three key impacts, being:
- (a) Reducing the Valuation Notices of the Minerva Beneficiaries, such that the Minerva Notes still held are valued at nil and a deduction equal to the repurchase price is applied to those Beneficiaries whose Minerva Notes were repurchased.
 - (b) Increasing the recovery rate in respect of Beneficiaries entitled to share in the Deficient Mixed Fund by reducing the total entitlements entitled to share in the Deficient Mixed Fund.
 - (c) Requiring the Receivers to consider pursuing the recovery of funds from certain Minerva Beneficiaries where their portfolio balance is less than the value of the Minerva Notes (i.e. the Beneficiary owes money to Brite Advisors). The Receivers note that several Beneficiaries in this position no longer hold investments on the Brite Platform, being prior clients of Brite Advisors.

7.1.5 The impact on a Beneficiary basis (with identifying information removed) is set out at Annexure A3, and summarised in the table below:

Impact of STM Malta's alternative proposal					
Status	#	STM Malta proposal (GBP)			Revised Valuation Notice
		Current Valuation Notice	Reversal of repurchase	Value Minerva Note at Nil	
Already left Brite Advisors - Minerva Notes > portfolio	20	17,822	(1,162,441)	-	(1,144,619)
Current Beneficiary - Minerva Notes > portfolio	23	252,844	(250,340)	(141,439)	(138,935)
Current Beneficiary - Minerva Notes < portfolio	66	25,767,464	(6,469,941)	(302,693)	18,994,830
Total	109	26,038,131	(7,882,722)	(444,132)	17,711,277

7.1.6 If the Receivers were to adopt the position put forward by STM Malta, the following would occur for the Minerva Beneficiaries:

- (a) 20 Minerva Beneficiaries have already left Brite Advisors. Their total Valuation Notices are GBP 17,822 as a result of the adjustments in relation to missing dividend and Minerva Note coupons which the Receivers processed. However, all 20 of these Minerva Beneficiaries do not have sufficient value in their portfolio to cover the 'refund' of Brite Advisors' repurchase of the Minerva Notes. As a result, if the Receivers proceeded with STM Malta's proposal, the Receivers would need to determine whether they can and/or should pursue these 20 Beneficiaries for the amount they owe Brite Advisors, if STM Malta's preferred proposal is selected.
- (b) 23 Minerva Beneficiaries have not left Brite Advisors, but their portfolios are not sufficient to cover the 'refund' of Brite Advisors' repurchase of the Minerva Notes. As a result, the Receivers would need to determine whether they can and/or should pursue these two Beneficiaries for the amount they owe Brite Advisors, if STM Malta's preferred proposal is selected.
- (c) 66 Minerva Beneficiaries have not left Brite Advisors and their portfolios are sufficient to cover the 'refund' of Brite Advisors repurchase of the Minerva Notes. Their portfolios would be reduced by between 1% and 99%, with a value weighted average reduction of around 26%.

7.1.7 If the Receivers were to adopt the position put forward by STM Malta, the impact on Beneficiaries who have never held Minerva Notes in their portfolios is that the total entitlements of the entire population of Beneficiaries who are claiming against the Deficient Mixed Fund will decrease. As a result, the distribution rate in respect of Beneficiaries entitled to share in the Deficient Mixed Fund will increase.