

**SUPREME COURT OF QUEENSLAND**

REGISTRY: Brisbane  
NUMBER: BS4697/13

In the matter of: **INVESTMENT INTELLIGENCE CORPORATION PTY LTD  
(IN LIQUIDATION)**

ACN: **101 616 371**

First Applicant: **BLAIR ALEXANDER PLEASH IN HIS CAPACITY AS  
LIQUIDATOR OF INVESTMENT INTELLIGENCE  
CORPORATION PTY LTD (IN LIQUIDATION) ACN 101 616  
371**

**AND**

Second Applicant: **INVESTMENT INTELLIGENCE CORPORATION PTY LTD  
(IN LIQUIDATION) ACN 101 616 371**

**APPLICATION**

TAKE NOTICE that the First and Second Applicants (**Applicants**) are applying to the Court for the following Orders:-

1. Orders and/or directions pursuant to sections 479(3) and 554A of the *Corporations Act 2001* (the **Act**), as to: -
  - 1.1 The method to be applied by the First Applicant in determining debts or claims by persons who acquired membership to website or websites maintained or operated by the Second Applicant (the **Company**) and whose access to the said websites was terminated (**Members**);
  - 1.2 The method to be applied by the First Applicant in determining claims by persons who invested monies in the scheme identified by the Australian Securities and Investments Commission in the Points of Claim filed in proceedings BS6474/12 (**Investors**) and in doing so:-
    - (a) whether proportionate liability should be applied by the Liquidator in assessing such claims; and

---

**Application**  
Filed on behalf of the Applicants  
Form 9 Rule 31

**Piper Alderman**  
Level 36, Riverside Centre  
123 Eagle Street  
Brisbane Qld 4000  
Tel: +61 7 3220 7777  
Fax: +61 7 3220 7700  
Ref: WPJ.SJD.385132

- (b) the amount of liability which should apply to the Company.
2. Directions pursuant to section 479(3) of the Act for the purposes of declaring dividends to creditors of the Company: -
- 2.1 For the purposes of regulation 5.6.52, 5.6.53 and 5.6.54 of the Regulations, the Liquidator may, within the time prescribed by regulation 5.6.53(1)(a) and/or 5.6.54(1)(a) give written notice about the proofs of debt by sending Notice of Proofs by email to the email addresses of creditors who have provided an email address to any of the Company, ASIC, the Liquidator or the US Receiver
- 2.2 For the purposes of regulation 5.6.65(1)(b) of the Regulations, the Liquidator may, within the time prescribed by regulation 5.6.65 give written notice of his intention to declare a dividend by the following means (**Notice**):-
- (a) for creditors who have provided an email address to any of the Company, ASIC, the Liquidator or the US SEC, by sending Notice by email to those email addresses; or
- (b) otherwise by:-
- (1) posting a copy of the notice on the web site maintained by the Liquidator's firm Hall Chadwick at [www.hallchadwick.com.au/iic-creditors-update](http://www.hallchadwick.com.au/iic-creditors-update);
- (2) providing a copy of the notice by email to Mr Guy Hohmann, temporary receiver (the US Receiver) appointed to the by order of the United States District Court for the Western District of Texas, Austin Division dated 18 September 2012) and asking that he post a copy of the notice on the Facebook page maintained by the US Receiver for the receivership of the Company – [www.facebook.com/prophetmax.receiverhip](http://www.facebook.com/prophetmax.receiverhip) ;
3. The Applicants' costs of and incidental to this application be costs in the winding up.
4. Such further or other order as to this Honourable Court seems meet.

This application will be heard by the Court at Brisbane

on: 23 July 2014 at 10 am.

Filed in the Brisbane Registry on

20 JUN 2014



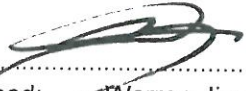
Registrar:

If you wish to oppose this application or to argue that any different order should be made, you must appear before the Court in person or by your lawyer and you shall be heard. If you do not appear at the hearing the orders sought may be made without further notice to you.

On the hearing of the application the Applicants intend to rely on the following affidavits:

1. Affidavit of Blair Alexander Pleash sworn 16 June 2014
2. Affidavit of Warren Peter Jear to be sworn and

THE APPLICANTS ESTIMATE THE HEARING SHOULD BE ALLOCATED 1.5 hours

  
Signed: Warren Jear

Description: Solicitor for the Applicants

Dated: 20 June 2014

This application is to be served on:

**Australian Securities and Investment Commission**  
Level 20  
240 Queen Street  
Brisbane Qld 4000



**SUPREME COURT OF QUEENSLAND**

REGISTRY: Brisbane  
NUMBER: BS4697/13

In the matter of: **INVESTMENT INTELLIGENCE CORPORATION PTY LTD  
(IN LIQUIDATION)**

ACN: **101 616 371**

First Applicant: **BLAIR ALEXANDER PLEASH IN HIS CAPACITY AS  
LIQUIDATOR OF INVESTMENT INTELLIGENCE  
CORPORATION PTY LTD (IN LIQUIDATION) ACN 101  
616 371**

Second Applicant: **INVESTMENT INTELLIGENCE CORPORATION PTY LTD  
ACN 101 616 371**

**AFFIDAVIT**

**BLAIR ALEXANDER PLEASH** of c/- Level 19, 144 Edward Street, Brisbane, Official Liquidator,  
states on oath as follows:


**BACKGROUND**

1. I am a Registered Liquidator and an Official Liquidator having gained those qualifications in 2005 and 2008 respectively. I am a member of the Institute of Chartered Accountants and the Insolvency Practitioner's Association of Australia.
2. I have been a partner of the firm Hall Chadwick Chartered Accountants (Hall Chadwick) since 1 March 2008 and prior to that I had been an Associate of Hall Chadwick since 1 July 2005.

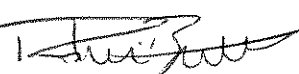
---

Page 1

Signed



Taken by



---

**Affidavit**  
Filed on behalf of the Applicants  
Form 46 (Rule 431)

Piper Alderman  
Level 36, Riverside Centre  
123 Eagle Street  
Brisbane Qld 4000  
Tel: +61 7 3220 7777  
Fax: +61 7 3220 7700  
Ref: WPJ.SJD.385132

## SUMMARY

3. This affidavit is sworn in support of the First and Second Applicants' (collectively, the **Applicants**) application seeking orders from the Court as to the methods which I should adopt in determining the value of the creditors' claims in the liquidation for distribution purposes pursuant to section 554A(4)(d) of the Act.
4. I crave leave to refer to and rely upon my previous affidavits sworn in these proceedings and other proceedings in this Honourable Court, namely my affidavits sworn:-
  - 4.1 18 November 2013 in this proceeding (**November Affidavit**);
  - 4.2 14 January 2014 in this proceeding (**January Affidavit**);
  - 4.3 12 June 2013 in Supreme Court of Queensland proceeding 5203/13 (**Proceeding 5203/13**) (**5203 Affidavit**); and
  - 4.4 18 September 2013 in Supreme Court of Queensland proceeding 6474/12 (**Proceeding 6474/12**) (**6474 Affidavit**).

## PRELIMINARY

5. Since swearing my January Affidavit the following steps have been undertaken in regards to the liquidation of the Second Applicant:-
  - 5.1 application was made and orders were obtained by this Honourable Court on 23 April 2014 regarding the AMEX Funds being property of the Second Applicant and the AMEX Funds being released to the Second Applicant;
  - 5.2 the AMEX Funds were paid to the Second Applicant in accordance with those orders;
  - 5.3 I have been made aware that the US Receiver issued a subpoena to testify at a deposition in a Civil Action to American Express Corporation on 22 April 2014 in relation to chargebacks out of the AMEX Funds. It was my understanding that American Express Corporation were defending the subpoena however I do not know the outcome of the hearing on 22 April 2014 or if there have been any further developments in this regard.

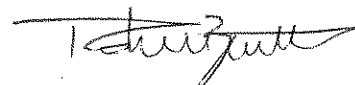
---

Page 2

Signed



Taken by



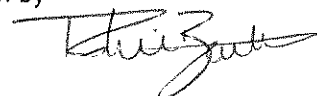
- 5.4 a Committee of Inspection meeting was convened on 5 May 2014 wherein:-
- (a) the Committee was given an update on the liquidation to date and were given the opportunity to ask questions;
  - (b) the Committee approved my remuneration for the periods:-
    - (1) 1 December 2013 to 28 February 2014 to a maximum amount of \$16,919.00 plus GST; and
    - (2) 1 March 2014 to 30 June 2014 to a maximum amount of \$108,000.00 (plus GST);
  - (c) Upon a request from the Committee, Hall Chadwick and Piper Alderman, my legal advisors, agreed to reduce all future professional fees by 10%.

A true and correct copy of the Report to Committee of Inspection dated 17 April 2014 is exhibited hereto at pages 1 to 28 of exhibit "BAP-8" of this my affidavit.

A true and correct copy of the Minutes of Meeting dated 22 May 2014 is exhibited hereto at pages 29 to 36 of exhibit "BAP-8" of this my affidavit.

#### **Creditors generally**

6. On 2 December 2013 His Honour Justice Applegarth made directions in these proceedings regarding the treatment of creditors of the Second Applicant.
7. Those orders provided relevantly that I was justified in:-
- 7.1 acting as though persons who acquired membership to a website or websites previously maintained by the Second Applicant, and whose access to the said website was terminated (**Members**) who have lodged valid Proofs of Debt in the liquidation of the Company are creditors of the Company;
  - 7.2 until formal proof and determination of their claims, for the purposes of voting at meetings only, admitting the Members' proofs of debt for a nominal value of \$1.00;
  - 7.3 seeking, prior to finally determining Members' proofs of debt, and disbursing funds to creditors, final determination as to the value of the Members' proofs of debt from this Honourable Court pursuant to sections 554A(3) of the Act;



- 7.4 acting as though persons who invested monies in the scheme identified by the Australian Securities and Investments Commission in the Points of Claim filed in proceeding BS6474/12 (**Investors**) who have lodged valid Proofs of Debt in the liquidation of the Company are creditors of the Company;
- 7.5 until formal proof and determination of their claims, for the purposes of voting at meetings only, admitting the Investors' proofs of debt in the amount of the investment loss incurred by each Investor; and
- 7.6 seeking, prior to finally determining Investors' proofs of debt, and disbursing funds to creditors, final determination as to the value of the Members' proofs of debt from this Honourable Court pursuant to sections 554A(3) of the *Corporations Act*.
8. The first creditors meeting was held on 19 December 2013 and Members and Investors were admitted for voting purposes in accordance with His Honours Orders of 2 December 2013.
9. In my November Affidavit I deposed to the fact it may also be necessary before any final determination is made as to the value of each of the Investor's claims, that a Court determines the issue of proportionate liability to determine which other parties may be liable for the Investor's claims.
10. To date, the issue as to proportionate liability and a final determination as to how to calculate the claims by Members and Investors has not yet been undertaken.
11. As I have now called in all the assets of the Second Applicant within the jurisdiction of which I am aware, I am in a position to declare a distribution to creditors, and as such I seek orders/directions from this Honourable Court as to the best method of calculating the Members and Investors Claims.
12. I am currently undertaking investigations into bank accounts in Hong Kong which may hold funds from the Company (in particular the loan from Mr and Mrs Devine). Given I do not know what prospects there are in recovering any or all of those funds, I have determined to undertake an interim distribution to creditors as soon as possible, rather than wait an extended period of time on what may or may not amount to a commercial recovery. If I determine that it is not commercial to pursue those funds, I will not do so.

Signed



Taken by



13. A listing of the Investors and Members then identified was set out at pages 58 to 91 of my affidavit sworn 12 June 2013 in proceedings 5203/13 that identified 3,378 Members and/or Investors.

A true and correct copy of an updated listing of investors and members as at 9 June 2014 is exhibited hereto at pages 37 to 64 of exhibit "BAP-8" of this my affidavit.

14. As at 9 June 2014 I have received 889 Formal Proofs of Debt for either:-

14.1 membership fees only;

14.2 invested funds only; or

14.3 combination of membership fees and invested funds.

A sample of some of the Formal Proofs of Debts I have received from creditors (with the contact details redacted) are exhibited hereto at pages 65 to 141 of exhibit "BAP-8" of this my affidavit.

#### **Funds available for distribution**

15. As at the 9 June 2014 the following funds have been recovered by myself and my staff for the benefit of creditors:-

15.1 funds recovered from Westpac in a confidential settlement Deed – being 2,600,388.28; and

15.2 the AMEX Funds – being \$230,313.72.

#### **Members**

16. As at 9 June 2014 I have received 684 Proofs of Debts containing claims for membership (this includes claims for memberships only and investment and membership claims).

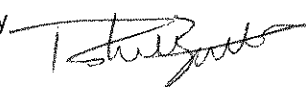
17. The membership claims as at 9 June 2014 amount to \$1,549,721.33.

18. All membership claims were admitted for the nominal value of \$1.00 for voting purposes pursuant to the order of 2 December 2013. However I now seek this Honourable Courts assistance in determining which method I should adopt when adjudicating on the Member's claims.

Signed



Taken by





19. It is my view that there are two alternate methods which could be utilised:-
- 19.1 the claims for membership can be admitted in full (other than for those persons who obtained refunds from American Express or Westpac / Mastercard) – if the contract for membership is held to be an entire contract; or
- 19.2 the claims for membership be admitted on a pro rata basis depending on the days the members had access to the service before the website was shut down.
20. I accept that there may have been a third alternative – namely that the Members should not be admitted at all on the basis that the terms and conditions of membership did not allow for a refund. Clause 20 provides relevantly:-
- 20.1 that “as consideration for the services you have selected, you agree to pay us the applicable service fees set forth on our website at the time of your selection”.
- 20.2 “our services have a strict no refund policy”.
21. Notwithstanding these terms, I am concerned that they seem to contradict the provisions of the various state and federal consumer protection legislation.
22. Further, the orders of 2 December 2013 make it clear that (for the purposes of the meeting to be then convened), Members are to be treated as creditors of the Company – as such I do not consider that it would be appropriate to now admit them for nil.

*General information about claims*

23. As deposed to at paragraphs 14 to 23 of my November Affidavit Members paid a membership fee to gain access to a website maintained by the Second Applicant. There were differing levels of membership at different prices.
24. From the information I have been provided it is my understanding that the membership was on a yearly basis, and could be renewed annually.
25. The website maintained by the Second Applicant was shut down following orders obtained by ASIC in the ASIC proceedings in or around July 2012. After this time members no longer had access to the website.



*Alternate 1 – admitted in full*

26. The first alternate method I have considered is whether the Members claims ought be admitted in full.
27. I consider that the basis for such a method to be adopted is:-
- 27.1 due to potential breaches by the Second Applicant and Mr Pousa under the *Corporations Act, the Australian Securities and Investments Commission Act 2001* or the *Australian Consumer Law* (or an equivalent Act for the country in which the Member resides) the Members ought be entitled to a full refund; or
  - 27.2 the contract for membership is an entire contract such that as the services were unable to be provided for the entire year the Members are entitled to a full refund; or
  - 27.3 the Second Applicant never provided all the services identified and/or the services provided were not as promised to the Members. It is my understanding that this is the position adopted by the US Receiver.
28. To date, several Members have received full refunds through chargebacks from their credit card providers (either American Express or Mastercard). clause 20 provides relevantly:-
- (a) that "*as consideration for the services you have selected, you agree to pay us the applicable service fees set forth on our website at the time of your selection*".
  - (b) "*our services have a strict no refund policy*".

Notwithstanding these terms, I am concerned that they seem to contradict the provisions of the various state and federal consumer protection legislation.

*Alternate 2 – pro rata admission*

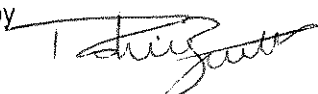
29. The alternate method of calculating Member's claims I have considered is that Members have a claim for the balance of their membership fees for the period which they were unable to access the services (e.g. if they were unable to access the website for 100 days of the year-long subscription, they would be entitled to prove for 100/365 of the membership fees that they paid).



30. To my knowledge, all of the Members who subscribed to the Company's website, were provided some level of services up until July 2012 when the Company's website was shut down.
31. Accordingly, Members were arguably provided with at least some form of service whilst the website was operational.
32. If method 2 was to be applied all membership claims would be admitted on a pro rata basis calculated for the part of the year commencing on the date the Member purchased their membership to when the website shut down, being July 2012. For the purposes of adjudicating the claims I will utilise the date of 1 July 2012.
33. I also seek orders from this Honourable Court to enable me to adjudicate on all Members claims by adopting the same adjudication method.

### **Investors**


34. As at 9 June 2014 I have received 622 Proofs of Debt for investment claims totally \$22,230,880.69.
35. On 2 December 2013 orders were made enabling me to admit investors claims for their entire amount of loss for voting purposes only for the meeting to then be convened.
36. Prior to a distribution being made, I seek assistance or directions from this Honourable Court as to the methods which I should adopt in assessing the Investor's claims.
37. The key issue which needs to be considered by this Honourable Court when determining a method of assessment is to determine:-
- 37.1 if proportionate liability ought apply to some or all Investors' claims; and
- 37.2 if so, to what extent.
38. The process involved in people becoming investors is set out at paragraphs 41 to 45 of My November Affidavit.
39. It is my understanding that the view taken by the US Receiver and the United States Regulatory Bodies is that:-



- 39.1 all investment losses should be accepted in full as the investment offered by the Company was all a fraud;
- 39.2 proportionate liability ought not apply; and
- 39.3 all Investors should be classified as creditors and treated equally with all other creditors including trade creditors.

***Consideration of Proportionate Liability***

- 40. As at the date of swearing this my affidavit I am not aware of any court proceedings commenced against the Second Applicant by Investors, save for the Class Action (which I understand to be stayed).
- 41. Without any claims being made and no specific details being provided as to the basis of the Investors Claims on their Proofs of Debt, I have exercised my quasi-judicial power in trying to determine:-
  - 41.1 what claims actually exist as against the Second Respondent; and
  - 41.2 how these claims should be addressed – i.e. are they subject to proportionate liability.
- 42. I, in connection with my legal advisors, have considered the following potential claims which may be available to Investors as against the Second Applicant:-
  - 42.1 a claim for false or misleading statements pursuant to section 1041E of the Act;
  - 42.2 a claim for inducing people to deal pursuant to section 1041F of the Act;
  - 42.3 a claim for dishonest conduct pursuant to section 1041G of the Act;
  - 42.4 a claim for misleading or deceptive conduct pursuant to section 1041H of the Act and/or 12DA of the ASIC Act;
  - 42.5 a claim for false or misleading representations pursuant to section 12DB of the ASIC Act;
  - 42.6 common law claims including:-
    - (a) negligent misstatement;

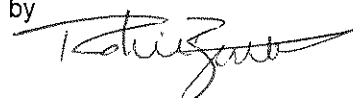


- (b) deceit and/or fraud; and/or
- (c) breach of fiduciary duties.

- 43. Out of the abovementioned claims, it is my understanding that some of the claims are apportionable and some are not.
- 44. I seek guidance from this Honourable Court to determine whether proportionate liability ought to apply to Investors claims.
- 45. The basis for why I have formed the view that proportionate liability could well apply is:-
  - 45.1 the damage or loss which should be admitted to proof is the funds lost by investors whilst their investment was under the control of IB Capital/Global Forex management.
  - 45.2 the losses are seemingly directly caused by IB Capital and/or Global Forex Management.
  - 45.3 the Second Respondent is not the sole party responsible for the loss and damage suffered by the Investors.
  - 45.4 IB Capital and Global Forex Management are liable for the damage suffered along with the Second Respondent and Mr Pousa.
  - 45.5 given what have been identified as obvious inconsistencies and errors in the representations made, the Investors may also be contributorily negligent for the losses suffered.

***Role of IB Capital and Global Forex Management***

- 46. The role of IB Capital and Global Forex Management in the loss suffered by the Investors was:-
  - 46.1 Investors engaged IB Capital as their broking firm to trade the funds;
  - 46.2 Investors transferred investment funds to IB Capital;
  - 46.3 the trading scheme was managed/traded by Global Forex Management; and



46.4 63% of trading loss was allegedly due to trading error by Kevin Clarke of Global Forex Management<sup>1</sup>.

***Role of the Second Respondent***

47. The role of the Second Respondent in the loss suffered by the Investors was it:-
- 47.1 ran the websites which showed the webinars which encouraged people to invest;
  - 47.2 made arrangements for prospective Investors;
  - 47.3 published brochures on its website regarding rate of returns;
  - 47.4 allegedly conducted no due diligence in regards to Global Forex Management;
  - 47.5 directed clients to open leveraged forex accounts at IB Capital; and
  - 47.6 clients gave Power of Attorney to allow the Second Respondent to complete trading authority over the accounts.

***Role of Mr Pousa***

48. The role of Mr Pousa in the loss suffered by the Investors was he:-
- 48.1 was the sole director/controlling mind of the Second Respondent;
  - 48.2 told Investors that the trading was being conducted by Global Forex Management and IB Capital was responsible only for accounting and reporting side of the trading;
  - 48.3 conducted the webinars encouraging people to invest;
  - 48.4 gave live webcasts (October 2011 and February 2012) provided alleged misleading information about the rate of return to entice people to invest;
  - 48.5 solicited (along with Mr Friant) actual and prospective clients to open forex trading accounts ;<sup>2</sup> and
  - 48.6 made representations about the trading programs.

---

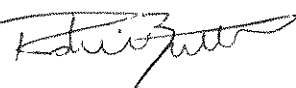
<sup>1</sup> Complaint in US proceedings A12CV0863 LY

<sup>2</sup> Complaint in proceedings A12CV0862 LY

Signed



Taken by



**Role of Joel Friant**

49. The role of Mr Friant in the loss suffered by the Investors was he:-

49.1 was the client service representative for the Second Respondent who provided Investors with day to day assistance, account opening documents, customer assistance and wire instructions for investing with the Second Respondent's managed forex program<sup>3</sup> (solicited (along with Mr Pousa) actual and prospective clients to open forex trading accounts..<sup>4</sup>

49.2 made representations to clients;<sup>5</sup>

49.3 was to be compensated 2.5% of the 25 % performance fee debited from clients' accounts by the Second Respondent – although I have no evidence that these fees were ever debited;<sup>6</sup>

50. Further, US proceedings allege Mr Friant was the agent of the Second Respondent.<sup>7</sup>

**Role of Mike Dillard**

51. The role of Mr Dillard in the loss suffered by the Investors was:

51.1 he operated EVG, provides online advice to subscribers of EVG and solicited clients for the Company's managed forex investment,<sup>8</sup>

51.2 he was the agent for EVG;<sup>9</sup>

51.3 conducted webinars with Mr Pousa where representations were made;<sup>10</sup>

51.4 made the representations that Elevation had properly vetted the Company and Mr Pousa.<sup>11</sup>

---

<sup>3</sup> Complaint in US proceedings A12CV0862 LY

<sup>4</sup> Complaint in proceedings A12CV0862 LY

<sup>5</sup> Complaint in proceedings A12CV0862 LY

<sup>6</sup> Complaint in proceedings A12CV0862 LY


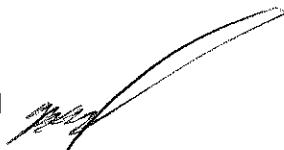
<sup>7</sup> Complaint in proceedings A12CV0862 LY

<sup>8</sup> Complaint in proceedings A12CV0862 LY

<sup>9</sup> Complaint in proceedings A12CV0862 LY

<sup>10</sup> Complaint in proceedings A12CV0862 LY

<sup>11</sup> declaration of Kyong J Koh).



**Role of Elevation Group (EVG)**

52. The role of EVG in the loss suffered by the Investors was:
- 52.1 it operated its own website which for a short while, provided glowing recommendations about Mr Pousa and the Second Respondent through – [www.theelevationgroup.net](http://www.theelevationgroup.net);<sup>12</sup>
  - 52.2 its website is a widely followed investment blog;<sup>13</sup>
  - 52.3 the online interviews by Mr Pousa regarding rates of return were created for EVG;
  - 52.4 webcasts were on the EVG website;
  - 52.5 EVG seems to have conducted no due diligence in regards to Global Forex Management;
  - 52.6 EVG solicited clients;
  - 52.7 clients who were solicited by EVG and Mr Dillard paid an additional fee directly to Mr Dillard;<sup>14</sup>
  - 52.8 it received a 30% commission from the Company for every membership paid to the Company, which was introduced by EVG;<sup>15</sup>
  - 52.9 it recommended that subscribers invest with Mr Pousa and the Company.<sup>16</sup>

**Role of Investors personally**

53. The investors:-
- 53.1 failed to conduct their own proper due diligence before investing;
  - 53.2 knew of risks in investing – losses could have occurred even without a fraud occurring; and

---

<sup>12</sup> Complaint in proceedings A12CV0862 LY

<sup>13</sup> Complaint in proceedings A12CV0863 LY

<sup>14</sup> Complaint in proceedings A12CV0862 LY

<sup>15</sup> Complaint in proceedings A12CV0862 LY

<sup>16</sup> declaration of Kyong J Koh





53.3 despite the obvious inconsistencies in the webinar presentations by Mr Pousa, invested.

**Summary**

54. I seek directions from the Honourable Court as to:-

54.1 whether proportionate liability ought apply to investors claims; and if so

54.2 what proportion of the said claims should be admitted to proof in the winding up of the Second Respondent.

55. I also seek orders from the Honourable Court to enable me to determine all Investors' claims (or classes of investors' claim) adopting the same method of calculation of their claims, rather than individually assessing each Investor's claims.

**NOTICE TO CREDITORS**

56. Once it is determined what method I should apply in assessing the claims lodged by creditors of the Second Respondent, I seek that this Honourable Court set directions as to the method of delivery of notice to be provided to creditors in regards to their Proofs of Debt.

57. The following excludes any trade creditors or other creditors' claims.

58. Proofs of debt from Members and Investors have been received from various different countries/regions, including:-

58.1 Australia (approximately 11.8%);

58.2 United States (approximately 58.4%), of those:-

(a) Texas (approximately 8.5%); and

(b) Other states (approximately 91.5%);

58.3 Canada (approximately 10.9%);

58.4 New Zealand (approximately 1.5%);



58.5 Europe (approximately 13.3%);

58.6 other (approximately 4.1%)

(percentages being percentages of members/investors, not value of membership/investment).

*Notice of Proofs*

59. It is evident to me that most, if not all, of the Members and Investors have access to internet and email (given the online delivery method of the webinars). That being the case, and given the number of creditors I propose that written notice of Proofs pursuant to Regulation 5.6.52, 5.6.53 and 5.6.54 be provided by completing the following:-

59.1 emailing the creditors to their email addresses which have been provided to my office, ASIC, the Second Respondent or the US Receiver.

59.2 if no email has been provided – then by post to the address provided on the Proof of Debt.

*Notice of intention to declare a dividend*

60. To best ensure a cost-effective means of conducting the formal proof of debt process, I propose that written notice of intention to declare a dividend pursuant to Regulation 5.6.65 be provided by completing the following:-

60.1 emailing the creditors to their email addresses which have been provided to my office, ASIC, the Second Respondent or the US Receiver.

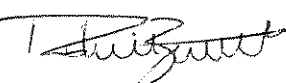
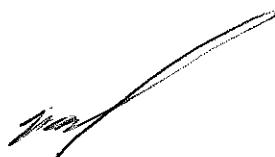
60.2 listing a copy of the notice of intention on the website maintained by my firm at <http://www.hallchadwick.com.au/iic-creditors-update>;

60.3 emailing a copy of the notice to the US Receiver;

60.4 requesting that the US Receiver:

(a) post a copy of the notice on the Facebook page maintained by the US Receiver at [www.facebook.com/prophetmax.receivership](http://www.facebook.com/prophetmax.receivership) ; and

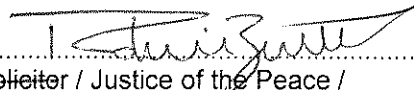
(b) post a copy of the notice on the website maintained by the US Receiver, being [www.prophetmaxreceivership.com](http://www.prophetmaxreceivership.com)



61. All facts and circumstances herein deposed to are within my own knowledge, save where stated to be from information only, and my means of knowledge and sources of information appear on this my affidavit.

Sworn by Blair Alexander Pleash on 18 June 2014 at Sydney in the presence of:

Signed

  
Solicitor / Justice of the Peace /  
Commissioner for Declarations

**Robin Leslie Barrett**  
*A Justice of the Peace in and for  
the State of New South Wales  
Reg. No. 188349*