



**Halifax New Zealand Limited
(In Liquidation) (the Company)**

**Company Number 2130897
NZBN 942 903 274 8079**

Liquidators' tenth report

19 October 2023

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1 Introduction

Morgan Kelly, Phil Quinlan and Stewart McCallum were appointed as Administrators of the Company on 27 November 2018 pursuant to Section 239I of the Companies Act 1993 (the **Act**). The appointment followed the appointment of the same Administrators to the Australian entity, being Halifax Investment Services Pty Limited (**Halifax AU**) on 23 November 2018.

At the watershed meeting held on 22 March 2019, creditors resolved that the Company be wound up pursuant to Section 239ABA of the Act and that the Administrators be appointed as Liquidators of the Company. As previously advised, Stewart McCallum has since resigned as Liquidator of the Company effective from 9 May 2019, and Peter Gothard was appointed joint and several Liquidator of the Company upon the resignation of Morgan Kelly on 15 December 2022.

For the purposes of this Report, the Company and Halifax AU are collectively referred to as the Halifax Group. Investor clients of the Halifax Group are referred to as Investors.

2 Statutory reporting

This report has been prepared pursuant to section 255(2)(d) of the Act and covers the six-month period from 23 March 2023 to 22 September 2023 (**This Report**).

This Report should be read in conjunction with the Liquidators' previous reports and updates, and in particular the Liquidators' update to Investors dated 19 April 2023.

This document is available at the following links:

<https://assets.kpmg.com/content/dam/kpmg/au/pdf/creditors/halifax-investment-services/halifax-update-to-investors-19-april-2023.pdf>

Copies of all previous reports and updates are available at the following link:

<https://kpmg.com/au/en/home/creditors/halifax-nz-limited.html>

3 Restrictions

This Report has been prepared in accordance with and for the purpose of section 255 of the Act. It is prepared for the sole purpose of reporting on the state of affairs of the Company in liquidation and the conduct of the liquidation. It is not the intention that This Report is available for general circulation, nor should it be reproduced in full or in part without the Liquidators' written consent.

In preparing This Report, the Liquidators have relied upon information, documentation and explanations provided to them by various parties. The information, documentation and explanations have not been independently verified or audited as at the date of compiling This Report. The Liquidators accept no responsibility for the completeness or accuracy of the information contained in This Report, nor do they accept liability for any losses occasioned to any party due to the circulation, publication, reproduction, or use of This Report.

The Liquidators reserve the right to review and amend This Report in light of any additional information and explanations that become available, although they are under no obligation to do so.

All amounts are in NZD unless specified.

4 Current position

4.1 Matters addressed during the liquidation

During the reporting period the primary focus of the Liquidation has been:

- the application of the Investor Portal to manage the distribution of funds to Investors in accordance with the outcome of the Client Money proceedings;
- responding to a large volume of Investor queries via email and phone in relation to the operation of the Investor Portal, claim submission process and distribution process generally;

- dealing with disputes relating to recorded Investor account balances as at 27 November 2018 and Investor account ownership;
- closing the Investor Portal to the submission of new claims;
- corresponding with the Financial Markets Authority (**FMA**) to provide an update on the status of the liquidation and court proceedings on foot; and
- progressing claims against third parties including liaising with the legal team in relation to litigation strategy and evidence preparation.

In particular, the Liquidators commenced the Third Interim Distribution in June 2023 and have continued to progress payment of the First and Second Interim Distributions, which commenced in May 2022 and November 2022, respectively.

4.1.1 Liabilities

No secured creditors have filed claims since our last report. It is not necessary for preferential or unsecured creditors who have already lodged a proof of debt to lodge another proof of debt at this stage. No distributions have been made to unsecured or preferential creditors.

Total preferential creditors are estimated to be \$116,360. Unsecured creditors are estimated to total \$17,592, however this amount includes approximately 2,100 contingent (Investor) creditors of the Company for the value of \$1.

A list of preferential and unsecured creditors is provided at Annexure F. A list of contingent creditors is provided in the Liquidators' first statutory report at:

<https://app.companiesoffice.govt.nz/companies/app/service/services/documents/040842DEC6D7567469635D94121C7D35>

4.2 Summary of receipts and payments

A summary of receipts and payments for the period 27 November 2018 to 22 September 2023 is provided at **Annexure A**. Please note that this relates only to the Liquidators' operating account which includes all operating receipts and expenses for the Voluntary Administration and Liquidation period and excludes any receipts and payments from the pre-appointment trust accounts and pre-appointment accounts controlled by Halifax NZ on appointment which are summarised at **Annexure B** and **Annexure C** respectively.

A list of the receipts and payments for the period 27 November 2018 to 22 September 2023 for all other accounts opened subsequent to the appointment of the Voluntary Administrators which contain funds held in segregated accounts is provided at **Annexure D**.

5 Investigation into the Company's affairs

5.1.1 Investigation

As previously advised, the Liquidators are assessing potential recoveries available in review to the conduct of the Company's director, former directors and various third-party advisors.

The Liquidators have identified a number of claims against former lawyers and auditors who provided professional services to Halifax AU. The claims arise out of services provided to Halifax AU before the Liquidators' appointment which the Liquidators consider caused loss to the Halifax Group.

The Liquidators have executed a funding agreement with a litigation funder to fund proceedings to pursue those claims. A Statement of claim was filed with the Federal Court of Australia on 5 September 2022.

As some of the claims outlined above are currently the subject of litigation and before the Courts at some stage, further details of our investigations remain confidential at this stage.

For further details please refer to the Liquidators' Investor Updates dated 16 August 2022, 24 August 2022 and 19 April 2023, and the report to Investors and creditors dated 17 March 2023:

<https://assets.kpmg/content/dam/kpmg/au/pdf/creditors/halifax-investment-services/halifax-update-to-investors-16-august-2022.pdf>

<https://assets.kpmg/content/dam/kpmg/au/pdf/creditors/halifax-investment-services/halifax-investor-faqs-24-august-2022.pdf>

<https://assets.kpmg.com/content/dam/kpmg/au/pdf/creditors/halifax-investment-services/halifax-update-to-investors-19-april-2023.pdf>

<https://assets.kpmg.com/content/dam/kpmg/au/pdf/creditors/halifax-investment-services/halifax-report-to-investors-creditors-17-march-2023.pdf>

During the reporting period, the Liquidators have continued with the preparation of evidence and document discovery to support the proceedings.

In the event of a successful outcome, recoveries from claims may contribute to the pool of funds of Halifax AU and Halifax NZ available for distribution to Investors after payment of agreed costs and expenses associated with the proceedings including the funding of the proceedings.

5.1.2 Court Application

The Liquidators applied to the Federal Court of Australia for judicial advice and / or directions as to how to distribute the commingled investor funds held by Halifax AU. The Liquidators also filed a mirror application to the High Court of New Zealand in respect of funds held by Halifax NZ, including in their capacity as trustees appointed by the Financial Markets Authority pursuant section 246(2) of the Financial Markets Conduct Regulations 2014. The Liquidators sought a joint sitting of the New Zealand High Court and Federal Court of Australia to provide consistent directions on the distribution of investor funds.

Proceedings commenced in the Federal Court of Australia (**FCA**) on 3 July 2019 and the High Court of New Zealand (**NZHC**) on 25 September 2019 in respect to the aforementioned applications. The FCA and the HCNZ agreed to coordinate the conduct and hearing of the Australian proceedings and the New Zealand proceedings. The final hearing was set down for 30 November 2020.

Their Honours Justice Markovic and Justice Venning of the FCA and the HCNZ respectively handed down their judgments and made consequential orders in the client money proceedings on 19 May 2021. Their Honours determined that Liquidators of Halifax AU and Halifax NZ were justified in adopting 27 November 2018 as the date at which the proportionate entitlements of Investors are calculated.

The First Defendant filed a Notice of Appeal in mid-June 2021. The position taken by Mr Loo in the Appeal was that their Honours erred in concluding that the Liquidators of Halifax AU and Halifax NZ were justified in adopting 27 November 2018 as the date at which the proportionate entitlements of Investors are calculated.

The Appeal was held on 23 September 2021. On 26 October 2021, both Courts delivered their judgments and ordered that the Appeal should be dismissed. As a result, the date on which the proportionate entitlements of Investors to the assets of Halifax AU and Halifax NZ should be calculated remains as 27 November 2018.

6 Professional fees and internal disbursements

The hourly rates of the Liquidators and their team members, as follows:

Position	Hourly Rate AU\$
Partner	695
Director	625
Associate Director	575
Manager	525

Executive	475
Analyst	375
Support Staff	225

Professional fees totalling AU\$3.01m, plus any applicable GST, has been approved by the HCNZ and paid in the liquidation of Halifax NZ for the period 22 March 2019 to 31 December 2022. A detailed analysis of fees paid is included in **Annexure E**.

Professional fees incurred by the Liquidators for the period 1 January 2023 to 22 September 2023 which have not yet been approved or paid, are estimated to be approximately AU\$310,000.

7 Distribution and future estimated distribution

7.1 Distribution of Investor funds

As at the date of this Report, the Liquidators have paid a combined total of AU\$181.8m in the First, Second and Third Interim Distributions to eligible Investors, representing approximately 99.5% of verified, submitted claims by value.

The Liquidators are continuing to work through remaining review and verification tasks to finalise First, Second and Third Interim Distribution payments.

As at the date of this report, approximately 118 submitted claims remain unverified for various reasons including:

- abandoned or incomplete Investor Portal claim submissions;
- claim is subject to an unresolved dispute;
- supporting documentation (including trust deeds and identification documents) not provided; and
- legal and statutory matters including deceased estates and deregistered corporate account holders.

In addition to the above, approximately 3,248 claims with a combined value of AU\$12.0m remain unclaimed as at the date of this Report. As set out in Liquidators' Investor Update dated 19 April 2023, the Investor Portal has been closed to the submission of new claims.

The timing of subsequent distributions is subject to a range of factors, however it is likely that a Final Distribution will be paid once the outcome of the Liquidators' recovery actions is known, and provisions held for unsubmitted claims and unresolved disputes have been unwound.

For further details please refer to the Liquidators' Report to Investors and Creditors dated 17 March 2023 and Investor Update dated 19 April 2023.

<https://assets.kpmg.com/content/dam/kpmg/au/pdf/creditors/halifax-investment-services/halifax-report-to-investors-creditors-17-march-2023.pdf>

<https://assets.kpmg.com/content/dam/kpmg/au/pdf/creditors/halifax-investment-services/halifax-update-to-investors-19-april-2023.pdf>

7.2 Distribution of Investor shares

As at the date of this report, the Liquidators have distributed shares totalling AU\$27.6m (valued at the date of transfer) in-specie to eligible Category 3 and Category 5 Investors. This resulted in a reduction of total Investor account balances as at 27 November 2018 of AU\$16.9m.

8 Statement of Assets and Liabilities

Based on our investigations to date, the Company has the following assets and liabilities:

Summary of Assets and Liabilities				
Assets	Note	Previous est. value (\$)	Revised est. value (\$)	Recovered value (\$)
Opening cash balances at Liquidation appointment		479,185	479,185	479,185
Plant & equipment		850	850	850
Total assets	1	480,035	480,035	480,035
Liabilities				
Preferential creditors		116,360	116,360	
Unsecured creditors		10,968	10,968	
Total liabilities	2	127,328	127,328	
Net Assets		352,707	352,707	

Note:

1. Trust assets are not included in this statement of assets.
2. The figures in the table are before costs and exclude any recoveries.

9 Reporting obligations

The Liquidators are obligated to evaluate the actions of management, review antecedent transactions and if necessary, report any adverse findings to the appropriate authorities and/or institute proceedings for recovery of funds dissipated.

Should you have any information that you believe would benefit our enquiries then please set out details in writing, attaching copies of all documentary evidence, and send it to the Liquidators. Please note that the Liquidators can only act on written information as undocumented information is deemed to be hearsay only and is inadmissible in court.

10 Future reporting

Reports on the conduct of the liquidation and on proposals for completion of the liquidation will be prepared and distributed six monthly in accordance with section 255 of the Act. A final report will also be prepared and distributed in accordance with section 257 of the Act at the completion of the liquidation.

11 Queries

Questions regarding the Liquidation should be directed to the Liquidators via email at au-fmhalifax@kpmg.com.au.

Dated 19 October 2023



Phil Quinlan
Joint and Several Liquidator of **Halifax New Zealand Limited (In Liquidation)**

Annexures

A – Liquidators' operating account - receipts & payments to 22 September 2023

The following table provides a summary of funds held in the Liquidators' operating account as at 22 September 2023.

Liquidators' operating account (NZ\$)	Voluntary Administration 27 November 2018 to 21 March 2019 (NZ\$)	Liquidation 22 March 2019 to 22 September 2023 (NZ\$)	Total (NZ\$)
Opening cash balance at appointment	-	479,185	
Receipts			
Debtor collections	506	-	506
Receipts from pre-appointment accounts	899	1,706,404	1,707,303
Receipt from pre-appointment term deposit	1,113,565	-	1,113,565
Receipts from other post-appointment accounts	-	4,890,257	4,890,257
Unclaimed monies	21,437	-	21,437
Plant & equipment	-	850	850
Cash at bank	95,447	-	95,447
Funds received from Interactive Brokers	-	59,301,360	59,301,360
Total receipts	1,231,853	65,898,871	67,130,724
Payments			
Administration expenses	(7,911)	(249,394)	(257,305)
Administrator/Liquidator Disbursements	-	(224,298)	(224,298)
Administrator/Liquidator Fees	(455,500)	(3,359,886)	(3,815,386)
Bank charges	(112)	(7,873)	(7,985)
Employee expenses	(52,519)	(57,399)	(109,918)
Foreign currency loss	-	(92,857)	(92,857)
Funds paid to Halifax AU by Halifax NZ and held on term deposit	-	(57,978,843)	(57,978,843)
Investor receipts	-	(41,271)	(41,271)
Licence expenses	-	(26,644)	(26,644)
Platform & IT expenses	-	(7,583)	(6,729)
Other expenses	-	(9,606)	(9,606)
Occupancy expenses	(9,152)	(45,944)	(55,096)
Subcontractor expenses	-	-	-
Valuation fees	-	-	-
Legal fees & disbursements	(227,475)	(2,490,175)	(2,717,650)
Total expenses	(752,668)	(64,591,949)	(65,344,617)
Closing balance for appointee account	479,185	1,786,107	

B – Company pre-appointment trust accounts receipts and payments to 22 September 2023

The following table provides a summary of funds held in the pre-appointment trust bank accounts and controlled by the Liquidators as at 22 September 2023. The below analysis excludes the Liquidators' operating account set out in Annexure A.

Pre-appointment trust account or s981 account (NZ\$)	Voluntary Administration 27 November 2018 to 21 March 2019 (NZ\$)	Liquidation 22 March 2019 to 22 September 2023 (NZ\$)	Total
Opening cash balance at appointment	1,764,981	1,811,069	
Receipts			
Investor deposits	44,011	39,000	83,011
Reversal of bank charges	-	65	65
Interest	2,507	5,378	7,885
Total receipts	46,518	44,443	90,961
Payments			
Transfer to Appointee Account	-	(1,664,980)	(1,664,980)
Other expenses	-	(1,000)	(1,000)
Bank charges	(429)	(195)	(624)
Total payments	(429)	(1,666,175)	(1,666,605)
Closing balance for pre-appointment account	1,811,069	189,337	

Please note, all foreign currency accounts have been converted to NZD based on the RBNZ exchange rate as at 27 November 2018

C – Other company pre-appointment accounts receipts and payments to 22 September 2023

The following table provides a summary of funds held in the pre-appointment bank accounts in the name of Halifax NZ and controlled by the Liquidators as at 22 September 2023. The below analysis excludes the appointee trading account set out in Annexure A.

Pre-appointment company accounts (NZ\$)	Voluntary Administration 27 November 2018 to 21 March 2019 (NZ\$)	Liquidation 22 March 2019 to 22 September 2023 (NZ\$)	Total
Opening cash balance at appointment	1,209,910	-	
Receipts			
Reversal of bank charges	-	929	929
Foreign currency gain	-	-	-
Total receipts	-	929	929
Payments			
Funds swept into Appointee trading account	(1,209,910)	-	(1,209,910)
Bank charges	-	(929)	(929)
Total payments	(1,209,910)	(877)	(1,210,839)
Closing balance for pre-appointment account	-	-	

D – Appointee segregated accounts receipts and payments to 22 September 2023

The following table provides a summary of funds held in segregated bank accounts opened by the Liquidators in the name of Halifax NZ which hold funds that have been withdrawn from Investor accounts on the IB NZ platform in accordance with the Orders handed down by the Courts on 2 July 2020.

	Voluntary Administration 27 November 2018 to 21 March 2019	Liquidation 22 March 2019 to 22 September 2023 (NZ\$)	Total
Opening cash balance at appointment	-	(8)	
Receipts			
Funds withdrawn from Interactive Brokers as per July 2020 Funding Orders	-	8,780,925	8,780,925
Total receipts	-	8,780,925	8,780,925
Payments			
Interaccount Transfers	-	(984,151)	(984,151)
Legal fees & disbursements	-	(1,968,917)	(1,968,917)
Administration expenses (including Link Market Services)	-	(1,737)	(1,737)
Administrator/Liquidator Fees	-	(68,055)	(68,055)
Administrator/Liquidator Disbursements	-	(200)	(200)
Transfer to Appointee Account	-	(3,954,000)	(3,954,000)
Bank charges	(8)	(336)	(344)
Total payments	(8)	(6,977,396)	(6,977,404)
Closing balance for post-appointment segregated account	(8)	1,803,521	

E – Detailed analysis for fees incurred from 22 March 2019 to 31 December 2022

The following table provides a summary of fees incurred for the liquidation period of 22 March 2019 to 31 December 2022.

Staff Classification	Hourly rate / AU\$	Hours per phase									Total (Hrs)*	Total AU\$*	Average fee per hour (AU\$)
		FMCRC / FMA Trust	Investigation	Creditors	Trade on	Assets	Employees	Administration	Dividend	Other Professional Services			
Partner	695	13.0	417.4	93.6	20.8	1.8	0.5	106.5	58.4	6.3	730.3	507,541	695
Executive Director	650	-	3.3	9.4	-	-	-	3.5	-	-	16.2	10,530	650
Director	625	18.7	392.9	54.5	5.8	4.4	-	60.0	27.1	4.5	559.1	349,453	625
Associate Director	575	1.3	361.4	125.6	67.9	10.3	0.2	79.5	254.1	7.8	1,048.4	602,837	575
Manager	525	8.4	622.5	194.4	33.8	18.4	-	35.3	152.7	35.9	1,134.0	595,337	525
Assistant Manager	475	-	6.1	1.8	-	-	-	9.1	-	-	17.0	8,075	475
Executive	475	-	131.0	63.4	50.6	4.7	4.0	24.5	284.3	4.8	660.6	313,779	475
Senior Analyst	425	-	142.2	75.8	40.9	1.5	-	13.8	-	-	274.2	116,535	425
Analyst	375	-	163.4	60.2	98.5	54.7	-	82.4	502.2	6.7	1,226.6	459,966	375
Accountant	325	-	0.2	0.4	26.6	0.5	-	14.9	-	-	42.6	13,845	325
Undergraduate	225	-	-	7.4	5.0	-	-	1.1	101.0	-	114.4	25,729	225
Vacationer	225	-	1.9	0.3	0.1	-	-	0.3	-	-	2.6	585	225
Accounts Supervisor	225	-	0.3	-	24.8	0.3	-	6.0	9.6	-	41.0	9,214	225
Total		41.4	2,242.5	1,224.2	374.6	96.5	4.7	427.6	1,389.3	66.0	5,866.9	3,013,426	514

* The above table is subject to minor rounding differences.

F – List of creditors

The following table provides a summary of the list of creditor claims the Liquidators have received to date. The Liquidators have not admitted any preferential or non-preferential unsecured creditors' claims.

Creditor	Preferential unsecured (NZ\$)	Non-preferential unsecured (NZ\$)
Digital Island		224
Employee entitlements	79,454	-
Get More Traffic HQ		79
HD NET		454
Inland Revenue Department	36,906	8,724
Iris Samia		739
Miriam Samia		2,081
NZME Radio		345
Packaging Recyclers (1992)		12
Receipt Bank Ltd		20
Simply Energy		536
StaffChecks		191
Tech Management Group		541
Unlimited Internet		10
UPWORK		2,931
Verifi Identity Services Ltd		531
Voyager		65
We Clean U		109
Total	116,360	17,592

Please note that due to the quantity of contingent creditors it is not practical to replicate the list in full in this report. As such the above table does not include a list of individual Halifax NZ client Investors which make up approximately 2,100 contingent creditors of Halifax NZ for the value of \$1. A list of these contingent creditors can be found in the Liquidators' first statutory report at:

<https://app.companiesoffice.govt.nz/companies/app/service/services/documents/040842DEC6D7567469635D94121C7D35>

G – Declaration of Independence, Relevant Relationships, and Indemnities (DIRRI)

There have been no changes to the DIRRI since the updated DIRRI contained in the Investor Update dated 15 December 2022 prepared pursuant to Section 255A of the Companies Act 1993.

Dated 19 October 2023



Phil Quinlan

Joint and Several Liquidator of **Halifax New Zealand Limited (In Liquidation)**



Peter Gothard

Joint and Several Liquidator of **Halifax New Zealand Limited (In Liquidation)**