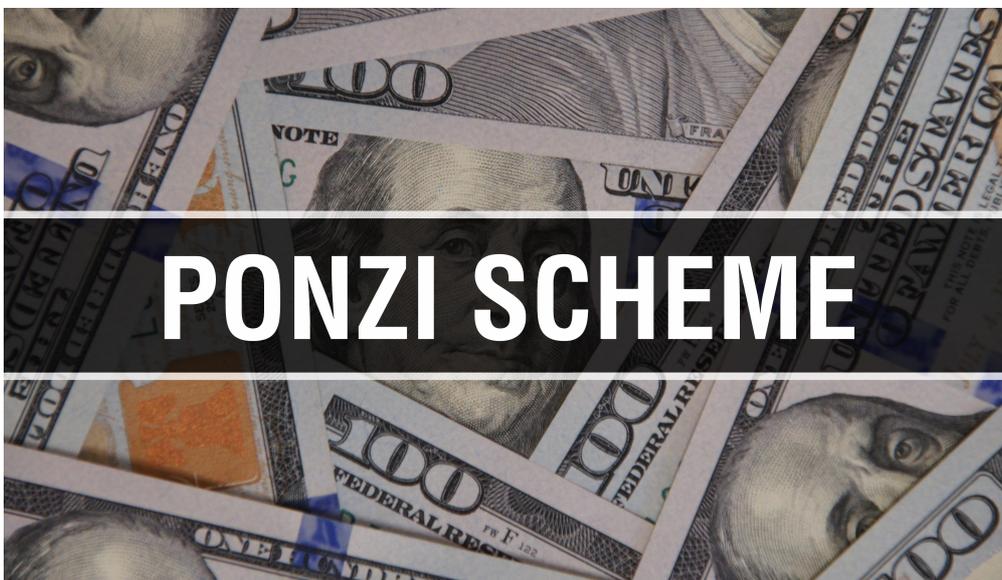


May 2021
Communique

Welcome to our May 2022 newsletter as the Federal Election draws closer and the parties battle it out for the swinging voters.

Join us on Election night to celebrate the winners and commiserate with the losers or just for a good night out to enjoy the food, drinks and entertainment.

HOW TO IDENTIFY A PONZI SCHEME?



There have been a few high profile Ponzi schemes that have hit the tabloids in recent times including the conwoman Melissa Caddick who was an unlicensed financial advisor who disappeared after an ASIC investigation into the \$23m fraud on investors' money. Another one is the Chinese national who defrauded EUR 34m from approximately 24,000 victims but was caught by Interpol in Papua New Guinea and deported to China.

In 2017 ASIC wound up Courtney House which was a company that conducted wealth and property seminars fleecing approximately 700 investors of an estimated 240m over a period of 7 years.

Typically these schemes have the following common traits:

1. They promise investments with very attractive returns;

2. They rely on word of mouth, family connections and social media to attract new investors. Often use introducer commissions;
3. Existing debts are paid from funds received from new investors; and
4. The fraudsters enrich themselves with luxury items.

How do you identify a Ponzi scheme?

- They are reliant on a continuing stream of new investors to keep operating;
- A substantial amount of the funds received are paid out to investors as returns;
- There is often little or no trading which is evidenced in the Profit and Loss Statements;
- There is usually no AFS licence but the Company purports to offer financial services;
- Advertising material is often poor quality offering high returns;
- The returns are very high with promises of low-risk investments; and
- Large withdrawals for the fraudster to purchase luxury items.

Should you suspect a Ponzi Scheme then please contact us to discuss the matter.

REVIEW OF SAFE HARBOUR PROVISIONS



The Safe Harbour legislation was passed by Parliament in 2017 with the votes of the Greens providing that there was a review undertaken after two years of operation.

The review revealed some general themes including:

- It was being used but not in the SME space;
- It was suitable for large companies and boards;
- There was no evidence of mishandling or misuse;
- Directors felt that there was a stigma attached to safe harbour;
- There was a lack of awareness of the safety against insolvent trading;
- Directors were concerned about admitting insolvency;
- Operation of preconditions and what is substantial compliance; and
- Who was an appropriately qualified entity?

Following the review, there were 14 key recommendations made by the Committee. The Committee was relatively unconcerned that the safe harbour provisions were utilised mainly by large listed companies. They felt that it was more important that an appropriately qualified

entity provided the appropriate advice to the directors. There was a general unawareness amongst directors of the preconditions and how the safe harbour operates. There were reasons why the safe harbour provisions were found to be unsuitable for the SME sector including:

- They are often run by owner/ directors who have personal wealth intertwined;
- SMEs are often thin on advisors and accountants;
- Lack of general understanding of financials and director's duties;
- Safe Harbour does not protect directors from personal guarantees;
- SME's are less likely to meet preconditions due to corporate governance issues;
- Safe Harbour is generally too expensive; and
- SME's often have insufficient resources for a restructure.

Should you have a client interested in safe harbour protection then please contact our office.

FEDERAL ELECTION PARTY SATURDAY 21st MAY 2022



We are counting down the days when we are all going to cast our vote. Will we have a change in government? Come and join us and find out with us as the counting takes place.

Come dressed as your favourite politician as a look alike. Is there a Clive Palmer or Penny Wong, or a Morrison or Albo fan out there? Or you fancy being a world leader, past or present; is there a Churchill or Thatcher amongst us? You get your vote on the best dressed. Otherwise come as yourself and celebrate with us, with no doubt a night to remember.

Together with a jazz band, and live count on screen, you will get to sample our election night cocktails created just for the occasion.

Date: Saturday 21 May 2022

Location: Royal Automobile Club of Australia (RACA)

Time: Start 6pm

[REGISTER HERE](#)

We can help you now

If you have clients who are experiencing difficulty in paying their debts and/or need to restructure their business, please contact me.



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