

NOTICE OF FILING

Details of Filing

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File Number:	VID173/2025
File Title:	AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION v FERRAS MERHI
Registry:	VICTORIA REGISTRY - FEDERAL COURT OF AUSTRALIA



Sia Lagos

Registrar

Important Information

This Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

The date of the filing of the document is determined pursuant to the Court's Rules.



Form NCF1

CONCISE STATEMENT

No. VID 173 of 2025

Federal Court of Australia
District Registry: Victoria
Division: Commercial and Corporations

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

Plaintiff

FERRAS MERHI and others listed in the Schedule

First Defendant

A. IMPORTANT FACTS GIVING RISE TO THE CLAIMS

A.1 Overview

1. This proceeding concerns:

- a. marketing of two managed investment schemes, the **First Guardian** Master Fund and the **Shield** Master Fund (together the **Funds**) by the First Defendant (**Mr Merhi**) (either directly or through other related parties) between 16 June 2016 and 31 May 2025; and
- b. provision of **Financial Services** (as that term is defined in section 766A of the **Corporations Act 2001** (Cth)) by Mr Merhi (either directly or through other related parties) between 16 June 2016 and 31 May 2025 to retail clients to invest their superannuation into the Funds;

in circumstances where:

- c. ASIC alleges that the marketing of the Funds by Mr Merhi (and other related parties) and/or the provision of Financial Services by Mr Merhi (and other related parties) to invest in the Funds contravened multiple provisions of the Corporations Act and constituted unconscionable conduct under the *Australian Securities and Investments Commission Act 2001* (Cth) (**ASIC Act**); and
- d. Mr Merhi (and other related parties) received payments in excess of \$36 million for marketing the Funds and/or providing Financial Services to invest in the Funds; and
- e. both of the Funds have now failed.

2. The Plaintiff (**ASIC**) alleges that, by reason of the matters set out below, Mr Merhi contravened and was involved in entities which contravened:

- a. sections 961B, 961G and 961J, and as a result, section 961Q, of the Corporations Act, which respectively require a financial adviser to act in their client's best interests, to give appropriate advice to clients and to give priority to the client's interests if the adviser knows, or ought reasonably to know, that there is a conflict between the interests of the adviser (or an entity relevantly related to the adviser) and the client's interests;

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- b. section 952E of the Corporations Act which prohibits a financial adviser from providing to a client a defective disclosure document or statement, including a statement of advice (**SOA**), which contains misleading or deceptive statements;
- c. section 961L of the Corporations Act which requires an Australian Financial Services Licence (**AFSL**) holder to take reasonable steps to ensure that representatives of the licensee comply with, relevantly, sections 961B, 961G and 961J of the Corporations Act; and
- d. section 12CB of the ASIC Act which prohibits persons from engaging in conduct in connection with the supply or possible supply of financial services, which is in all the circumstances unconscionable.

A.2 Mr Merhi's businesses

- 3. At all relevant times, Mr Merhi was an authorised representative of **Interprac** Financial Planning Pty Ltd. Interprac holds an AFSL.
- 4. Mr Merhi operated two Financial Services businesses:
 - a. **Venture Egg**, a partnership between Venture Egg Financial Services Pty Ltd (**VEFS**) (the Second Defendant) and United Financial Advice Pty Ltd (**UFA**) (the Third Defendant) trading as Venture Egg. Venture Egg was a Corporate Authorised Representative (**CAR**) of Interprac between 16 June 2016 and 31 May 2025. In addition to Mr Merhi, the other Venture Egg financial advisers were also authorised representatives of Interprac; and
 - b. Financial Services Group Australia Pty Ltd (**FSGA**) (the Fourth Defendant). FSGA held an AFSL between March 2003 and 7 June 2025. FSGA also authorised CARs under its AFSL through which Financial Services were provided.
- 5. Mr Merhi is the sole shareholder of VEFS and UFA, and at all material times was a director of VEFS, UFA and FSGA.
- 6. In addition to the above businesses, Mr Merhi was the sole director of **Cornerstone** Strategic Management Pty Ltd between 22 December 2020 and 30 May 2025, and is the sole shareholder of Cornerstone. Cornerstone is the sole shareholder of FSGA.

A.3 Marketing of Shield and First Guardian

- 7. ASIC alleges that the marketing model Mr Merhi deployed was designed to identify potential clients and refer them to Venture Egg and FSGA in order to recommend that they invest some or all of their superannuation funds in First Guardian and/or Shield.
- 8. To facilitate the marketing of First Guardian and Shield, Mr Merhi generally used or engaged telemarketing companies that were not licensed or authorised to provide Financial Services, and websites that generated client leads by claiming to find lost super and to consolidate clients' superannuation. Mr Merhi entered into paid arrangements with these entities on the premise that any client leads would be referred to Venture Egg or FSGA.
- 9. Once a client was referred to Venture Egg or FSGA, the advice was generated by reference to a standard portfolio which included substantial investments in First Guardian and/or Shield.
- 10. Between 1 February 2021 and 21 November 2024, Mr Merhi and other financial advisers operating through Venture Egg and FSGA:
 - a. advised clients to invest approximately \$230.5 million of superannuation funds into Shield and approximately \$296.5 million into First Guardian; and
 - b. charged clients approximately \$17.9 million in upfront advice fees for advice given in relation to First Guardian and Shield.

11. Between 17 February 2021 and 21 July 2023, Cornerstone received more than \$19 million from entities associated with First Guardian, purportedly for the establishment of a marketing business and/or marketing First Guardian to clients.

12. By reason of the substantial benefits accrued by Mr Merhi's related entities from marketing the Funds, Mr Merhi, Venture Egg and FSGA had a conflict of interest in providing, or authorising the provision of, financial product advice to invest in the Funds.

A.4 Provision of Financial Services by Mr Merhi (either directly or through Venture Egg, and their respective advisers)

13. Between at least 26 August 2022 and at least 20 November 2023, Mr Merhi and Venture Egg gave financial product advice to retail clients in SOAs that, amongst other things:

- a. recommended that clients roll over their superannuation into a choice superannuation platform and invest into First Guardian and/or Shield. Many clients implemented the advice, rolled over their superannuation into a choice superannuation platform and invested into First Guardian and/or Shield as recommended;
- b. contained representations that First Guardian and/or Shield were funds operated by Macquarie (**Macquarie Representations**), which representations were false or misleading; and
- c. contained representations that Mr Merhi had no vested interest in the financial products being recommended and would not receive any benefits which would influence the advice (**Vested Interest Representations**), which representations were false or misleading.

B. SUMMARY OF RELIEF SOUGHT FROM THE COURT

14. ASIC seeks declarations, winding up orders, and injunctions as set out in the Amended Originating Process, including:

- a. against Mr Merhi, declarations of contravention of the Corporations Act and the ASIC Act, and injunctions to restrain him from engaging (directly or indirectly) in the provision of financial services;
- b. against VEFS and UFA, winding up orders and declarations of contravention of the Corporations Act and the ASIC Act; and
- c. against FSGA, a declaration of contravention of the Corporations Act.

C. PRIMARY LEGAL GROUNDS FOR THE RELIEF SOUGHT

C.1 Best interests duty and related obligations, and unconscionable conduct

15. ASIC alleges that Mr Merhi contravened:

- a. section 952E of the Corporations Act in that he gave clients defective SOAs which contained the Macquarie Representations and the Vested Interest Representations;
- b. section 961B of the Corporations Act in that he failed to act in the best interests of clients by failing to:
 - i. identify the subject matter of the advice sought by each client and to scope the advice accordingly;
 - ii. identify the objectives and needs of each client that were relevant to the advice;
 - iii. conduct a reasonable investigation into, and assessment of, the financial products that might have achieved the objectives and met the needs of each client; and
 - iv. base all judgments in advising each client on their relevant circumstances;
- c. section 961G of the Corporations Act by:

- i. failing to satisfy the duty under section 961B of the Corporations Act to act in the best interests of clients;
 - ii. failing to provide advice that clients had expressly requested; and
 - iii. exposing clients to unnecessary financial risks which did not align with each client's objectives and needs;
 - d. section 961J of the Corporations Act by failing to give priority to each client's interests in circumstances where there was conflict between the interests of the client and Mr Merhi's interests by:
 - i. failing to provide advice in the best interests of clients or appropriate advice in accordance with sections 961B and 961G of the Corporations Act;
 - ii. having a practice of providing advice to the majority of his clients to invest in First Guardian and/or Shield; and
 - iii. being engaged to market First Guardian and Shield (through marketing and lead generator entities) and receiving substantial payments (through Cornerstone) from entities associated with First Guardian.
 - e. section 961Q of the Corporations Act by failing to comply with sections 961B, 961G and 961J of the Corporations Act.
 - f. section 12CB of the ASIC Act by engaging in a system of conduct or pattern of behaviour with respect to the supply of Financial Services which was unconscionable in that he and his Financial Services businesses, Venture Egg and FSGA:
 - i. used third party marketing services to locate and refer new clients to Venture Egg and FSGA;
 - ii. recommended to those clients that they roll over some or all of their superannuation into either Shield and/or First Guardian without regard to whether an investment in First Guardian and/or Shield was appropriate or in the best interests of each client;
 - iii. provided SOAs to clients which made false or misleading representations;
 - iv. failed to disclose to clients that he was involved in the marketing of First Guardian and Shield and that he received substantial payments from entities related to First Guardian in return for such marketing;
 - v. received payments totalling \$19.3 million (through Cornerstone) from entities related to First Guardian in return for recommending and assisting clients to invest their superannuation in First Guardian;
 - vi. failed to disclose to clients the full fees that either he, FSGA or Venture Egg would receive for advising clients to invest in First Guardian and/or Shield; and
 - vii. received advice fees for advising clients to invest in First Guardian and Shield, being a portion of the advice fees totalling \$17.9 million paid to advisers of Venture Egg and FSGA.
- 16. ASIC alleges that VEFS and UFA contravened sections 952E, 961B, 961G, 961J, 961Q of the Corporations Act by engaging in conduct of the kind alleged in paragraphs 15(a)-(e) above, and contravened section 12CB of the ASIC Act by engaging in conduct of the kind alleged in paragraph 15(f) above.
- 17. ASIC alleges that FSGA contravened section 961L of the Corporations Act by failing to take all reasonable steps to ensure that its representatives complied with sections 961B, 961G and 961J.

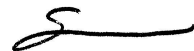
C.2 Just and equitable winding up – second and third defendants

18. VEFS and UFA are entities which have contravened the Corporations Act, and through which Mr Merhi operated the system of unconscionable conduct in contravention of the ASIC Act as alleged in paragraph 15.f above. Accordingly, and by reason of the matters alleged above, ASIC seeks orders that those entities be wound up on the basis that it is just and equitable to do so, pursuant to s 461(1)(k) of the Corporations Act.

D. ALLEGED DETRIMENT

19. The clients of Mr Merhi, Venture Egg and FSGA who invested in either First Guardian and/or Shield have suffered significant harm by reason of:
- a. the substantial reduction or potentially complete loss of their superannuation as a result of the collapse of First Guardian and Shield; and
 - b. the fact that those clients are presently unable to access any potentially remaining funds and are unlikely to be able to do so for some time.
20. This harm occurred in circumstances where Mr Merhi benefited from his contravening conduct by receiving advice fees totalling \$17.9 million (through Venture Egg and FSGA) and more than \$19 million from entities associated with First Guardian (through Cornerstone).

Date: 16 September 2025



Signed by Gina Wilson
Solicitor for the Australian Securities and Investments Commission

Schedule

No. VID 173 of 2025

Federal Court of Australia

District Registry: Victoria

Division: Commercial and Corporations

Second Defendant VENTURE EGG FINANCIAL SERVICES PTY LTD (ACN 606 306 147)

Third Defendant UNITED FINANCIAL ADVICE PTY LTD (ACN 617 382 082)

Fourth Defendant FINANCIAL SERVICES GROUP AUSTRALIA PTY LTD (IN LIQ)
(ACN 009 569 939)