

MEDIA RELEASE

20 DECEMBER 2016

CALDB SUSPENDS THE REGISTRATION OF VICTORIAN LIQUIDATOR

On 12 December 2016 the Companies Auditors and Liquidators Disciplinary Board ("CALDB") on an application by the Australian Securities and Investments Commission ("ASIC") ordered that the registration as a liquidator of Mr Stan Traianedes who practises in Parkville Victoria, be suspended for a period of three years.

ASIC alleged and the Board found relevantly established, that Mr Traianedes did not carry out or perform adequately and properly the duties of a liquidator within the meaning of sub-section 1292(2)(d)(i) of the Corporations Act 2001 "the Act" insofar as he;

- (a) made declarations of independence, relevant relationships, and indemnities ("DIRRI's") with respect to the three company liquidations that were the subject of these proceedings that did not disclose relevant relationships and did not comply with section 506A of the Act and the relevant provisions of the IPA Code;
- (b) made false and misleading statements to the Australian Taxation Office ("ATO") as to whether funds were likely to be available to pay debts due to the ATO;
- (c) drew remuneration beyond the amount approved by the creditors with respect to two liquidations;
- (d) lodged several Forms 524 with ASIC, that were false and misleading insofar as they stated that Mr Traianedes had not received any remuneration when he had;
- (e) failed to keep proper books and records, including a failure to maintain written records in accordance with the IPA Code that evidenced compliance with appropriate independence procedures within his practice;
- (f) inaccurately reported to creditors;
- (g) failed to exercise reasonable care in forming an opinion on whether books and records were adequate;
- (h) improperly convened a Committee of Inspection meeting and improperly proposed a resolution to fix his remuneration;
- (i) improperly sought to retain his appointment as liquidator after a creditor raised concerns about his independence and impartiality; and
- (j) failed to carry out his duties with an appropriate degree of independence and impartiality insofar as he solicited proxies from creditors.

CALDB's decision, based on the contraventions found to have been established in the proceedings was to order suspension of Mr Traianedes's registration as a liquidator for a period of three years. It further ordered that:

- (a) Mr Traianedes be required to give undertakings in the form attached as Schedule A to this media release; and
- (b) Mr Traianedes pay ASIC's costs in the fixed sum of \$60,000.

A copy of the CALDB's decision and reasons is published on the CALDB website (www.caldb.gov.au).

The CALDB is an independent statutory body with powers under the Corporations Act to cancel or suspend the registration of auditors and liquidators. The Board's powers are directed to the maintenance of proper professional standards on the part of registered auditors and liquidators.

For further information contact:

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SCHEDULE A TO BOARDS ORDERS

UNDERTAKINGS

Undertaking as to resolution of existing matters

1. The Respondent **Mr Traianedes** gives the following undertaking to **the Board** and to **ASIC**:
 - (a) That if for any reason his appointment as liquidator of **Playzone** does not cease on 8 January 2017, he will make all necessary arrangements for the appointment of a replacement liquidator within 28 days of 8 January 2017 such replacement liquidator to be approved by **ASIC** prior to his/her appointment;
 - (b) That the costs of and incidental to the appointment of replacement liquidators to each of the companies in Schedule B (including, if relevant, **Playzone**), will be borne by **Mr Traianedes**, including but not limited to the cost of any necessary Court applications or creditors' meetings;
 - (c) To the extent that any of the costs of and incidental to the appointment of a replacement liquidator to any company in Schedule B has been paid out of the company's own funds, **Mr Traianedes** will reimburse the company for such costs within 28 days of the date of the Board's order requiring the giving of this undertaking, or within 28 days of the cost being paid out of the company's funds, whichever is later.
 - (d) **Mr Traianedes** will provide all necessary assistance to the replacement liquidator of each company in Schedule B (including, if relevant, **Playzone**).
 - (e) That in the event of any default of 1(a) above, he indemnifies **ASIC** for the cost of any Court application required for the rectification of that default, including but not limited to any application for the appointment of replacement liquidators;

Undertaking as to Further Education

2. **Mr Traianedes** gives the following undertaking in writing to **the Board** and to **ASIC** within seven (7) days after this order takes effect:
 - (a) **Mr Traianedes** will use reasonable endeavours to retain his membership of **CPA** and **ARITA** for a period of not less than 4 years from the date that his suspension to practice as a registered liquidator ends.
 - (b) To complete the following Continuing Professional Development ("**CPD**") activities during the period of his suspension:
 - (i) all **CPD** requirements imposed on members of **ARITA** for the period from 1 January 2017 to 31 December 2019 ("**the CPD Period**");
 - (ii) in addition to the minimum annual requirement for **CPD** to which members of **ARITA** are subject, he will at his own expense undertake

during each year of the **CPD** Period at least a further 10 hours of **CPD** relating to insolvency practice and practice management;

(iii) over the **CPD** Period, the **CPD** that he undertakes will include at least 3 hours of training or courses relating to each of (1) independence, (2) remuneration, (3) investigations/reporting and (4) record-keeping (or, if relevant training or courses are not available in any area, such other training or courses as are approved by **ASIC**);

(c) To provide **ASIC**, as soon as practicable following each of:

(i) 31 December 2017;

(ii) 31 December 2018; and

(iii) the date by which he has completed his **CPD** requirements for the period from 1 January 2019 to 31 December 2019

with documents that evidence his completion of **CPD** for the relevant period.

Until **Mr Traianedes** has complied fully with these undertakings, he will not accept any new appointment to any office required under the **Act** to be filled by a registered liquidator.

Undertaking as to Joint Appointments or Reviews of Appointments Post Suspension

3. **Mr Traianedes** gives the following undertaking in writing to **the Board** and **ASIC** within seven (7) days after this order takes effect:

(a) That, following expiry of the suspension period, **Mr Traianedes** will for the first ten appointments that he accepts to any office required under **the Act** to be filled by a registered liquidator, use his best endeavours to undertake such appointment jointly and severally with a registered liquidator or registered liquidators approved by **ASIC**.

(b) If **Mr Traianedes** is unable to procure a joint and several appointee for any of his first ten appointments in respect of an appointment falling within subparagraph (a), he will:

(i) within 7 days of the appointment, notify **ASIC**, that he has accepted an appointment other than as a joint and several appointment and provide a written explanation to **ASIC** of the steps that he took to procure a joint and several appointment;

(ii) in relation to any such appointment, he will:

(A) procure (at his own expense) an independent registered liquidator (approved in advance by **ASIC**) to provide written reports to **ASIC** on the adequacy of **Mr Traianedes**' compliance with all relevant requirements and professional standards including, but not limited to, independence/conflicts, investigations, reporting to creditors and **ASIC**, and remuneration;

- (B) use his best endeavours to procure that the reports are provided to **ASIC**: (i) within 6 months of the commencement of the appointment and (ii) if the appointment has not concluded within 12 months of its commencement, further reports one month after each 12 month period and a final report one month after completion of the appointment.
- (c) If, during the period of 3 years following the expiry of the suspension period, **Mr Traianedes** commences practice as a sole practitioner (that is, in a practice where he is the sole registered liquidator) he will:
 - (i) within 3 months of commencing such practice, have all template, checklist and procedure documents to be used in the practice reviewed (at his cost) by an independent reviewer (approved by **ASIC**) who will provide a written report on compliance with industry best practice, and recommendations for any changes to his processes and documents to comply with best practice; and
 - (ii) within 3 months of the completion of such review, make any changes to those processes and documents recommended by the external reviewer;
 - (iii) provide to **ASIC**, as soon as reasonably practicable, the report and recommendations made by the external reviewer, and an explanation (by way of a statutory declaration) of the steps that he has taken to institute any recommendations made.

Undertaking as to employment during the period of suspension

4. **Mr Traianedes** gives the following undertaking in writing to **the Board** and **ASIC** within seven (7) days after this order takes effect:
- (a) During the period of his suspension, **Mr Traianedes** will not undertake work in relation to any formal insolvency appointment except as supervised by a registered liquidator in a firm or practice not established by **Mr Traianedes**.
 - (b) The arrangement that he enters into with any firm in association with whom **Mr Traianedes** undertakes insolvency-related work, and the manner in which his role is represented to clients and the public, will not be such as to suggest that **Mr Traianedes** is a registered liquidator or a principal in that firm or practice.
 - (c) **Mr Traianedes** will report in writing to **ASIC** as to the nature of the arrangements pursuant to which he is employed or engaged by IRT Advisory or any other firm once those arrangements are formalised and will report further to **ASIC** if there is any subsequent change to those arrangements during this suspension period.
 - (d) **Mr Traianedes** will provide any information or documentation requested of him by **ASIC** (in **ASIC's** sole discretion) for the purposes of verifying any of the matters set out at sub-paragraphs 4(a) to (c) above.

SCHEDULE B: COMPANIES

Creditors' Voluntary Liquidation

1. Playzone (Australia Pty Ltd) ACN 097 564 924
2. Sutherlands Creek Farm Pty Ltd ACN 124 637 298
3. Zamac Property Holdings Pty Ltd ACN 125 774 870
4. JCP Carpentry & Design Pty Ltd ACN 082 989 973
5. PC Construct Pty Ltd ACN 147 812 851
6. Cyberduck Software Pty Ltd ACN 075 497 415
7. B.A.S (R&D) Pty Ltd ACN 060 882 224
8. B.A.S Melb Pty Ltd ACN 100 085 229
9. Prosperity Legal Group Pty Ltd ACN 123 412 331