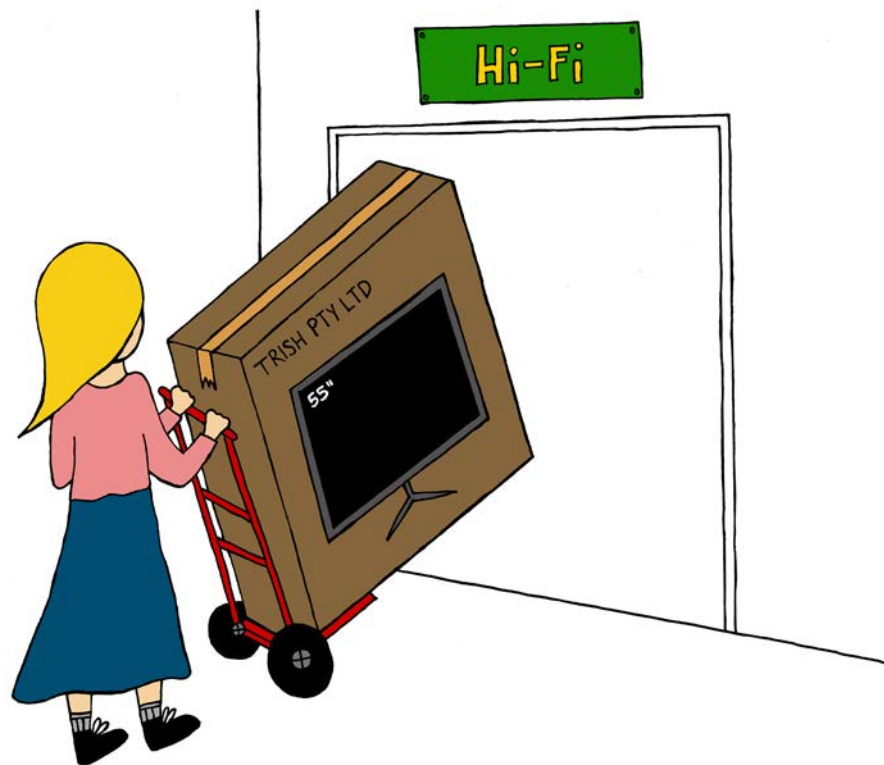


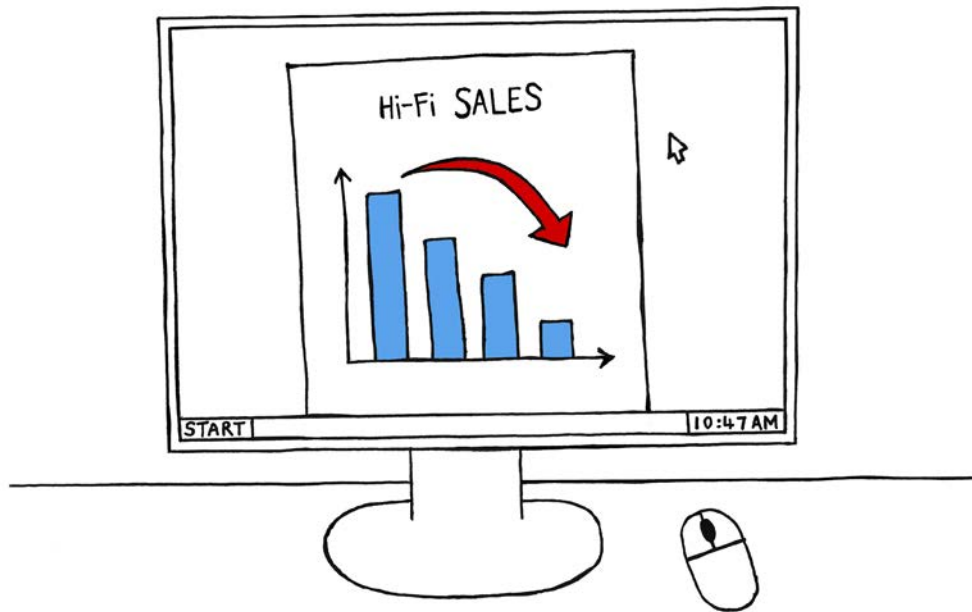
## Example scenario:

Trish Pty Ltd supplies televisions to Hi-Fi Pty Ltd as trustee for the Hi-Fi Trust. Those televisions are the inventory to be sold in Hi-Fi's business. Business has taken a downturn for Hi-Fi and the company was recently placed into liquidation.

Trish is owed money and the following scenario exhibits "the ideal" situation for Trish in maximising her recovery in Hi-Fi's liquidation.



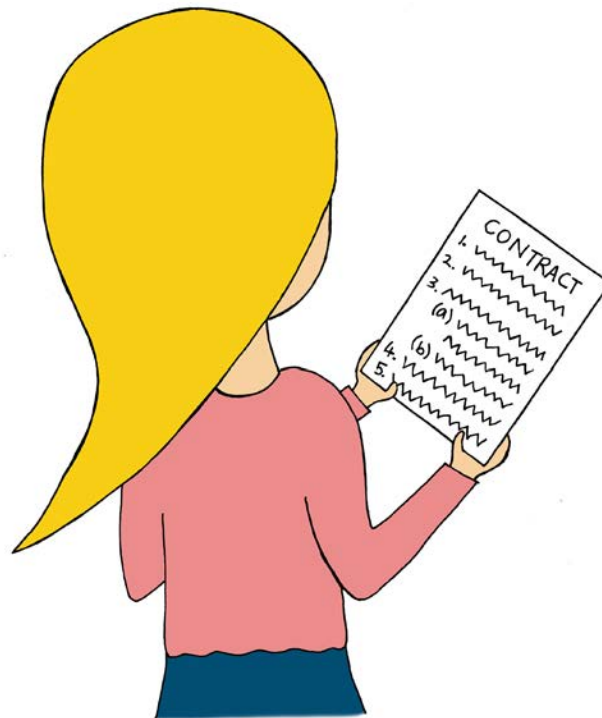
Trish Pty Ltd supplies televisions to Hi-Fi Pty Ltd as trustee for the Hi-Fi Trust as inventory to be sold in Hi-Fi's business. The inventory is a circulating asset.



Business has taken a downturn for Hi-Fi and the company was recently placed into liquidation.

**How can Trish maximise her recovery in Hi-Fi's liquidation?**

## Step 1: Perfect your security interest



When Trish signed up Hi-Fi as a customer, she made sure she had a written agreement signed by Hi-Fi with a clause granting Trish security over circulating assets by Retention of Title (or "ROT"). This gave Trish a circulating security interest over Hi-Fi's inventory and accounts receivable.



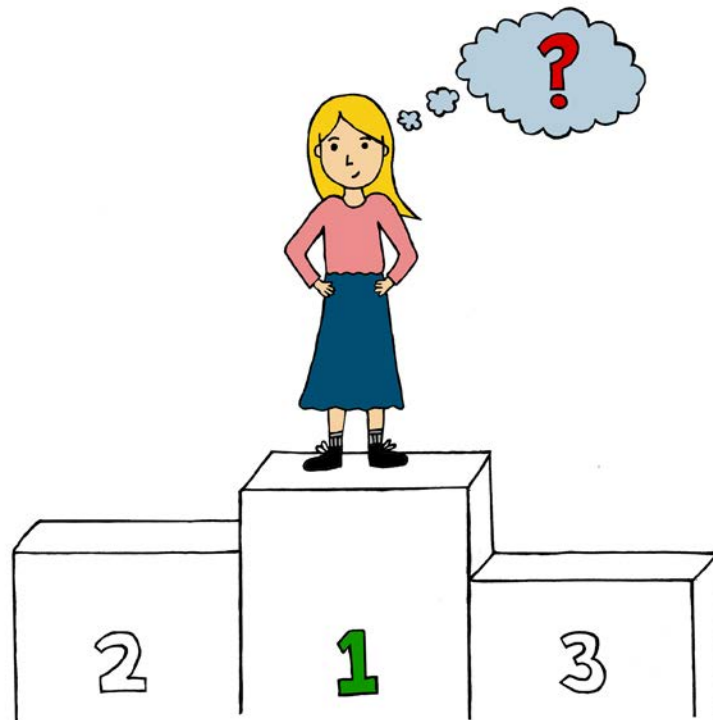
Trish then went to register her security interest on the Personal Property Securities (PPS) Register. When she was unsure, Trish called her lawyer who guided her through the process. As a result, Trish perfected her circulating security interest, lodged before she provided stock to Hi-Fi.

## Step 2: Lodge your proof of debt



When Trish learned of Hi-Fi's insolvency, she checked with her lawyer and submitted a properly worded proof of debt with the liquidator of Hi-Fi so as not to waive her pre-existing security interest.

### Step 3: Check if other suppliers are properly registered

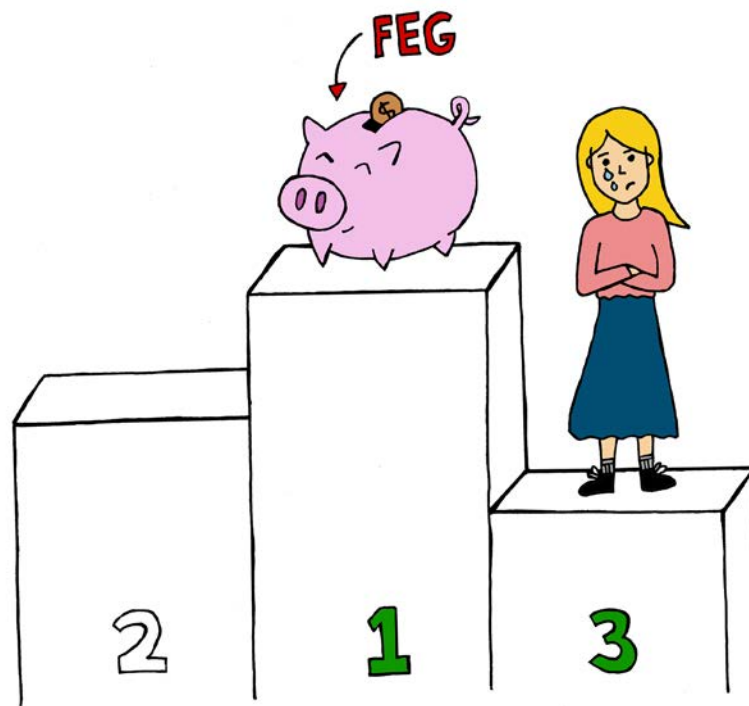


Trish then asked her lawyer to check competing creditors' PPS registrations and informed the liquidator of any perfected security interests. This gave Trish higher priority over inventory and accounts receivable and a greater share of the money available from Hi-Fi's liquidation.

### Step 4: Collaborate with the liquidator



By staying in touch with the liquidator, Trish became aware of a valuable unfair preference claim to be pursued by the liquidator against the ATO and another director claim for nearly \$1 million.



But, following the principles in *Amerind*, FEG was paid in priority to Trish and other security creditors out of Hi-Fi's circulating assets.

FEG's claim was for more than the total value of circulating assets available, so FEG took the lot. If FEG's claim had been less, then money could have next gone to Trish.

## Step 5: Fund the liquidator and/or assist with recoveries

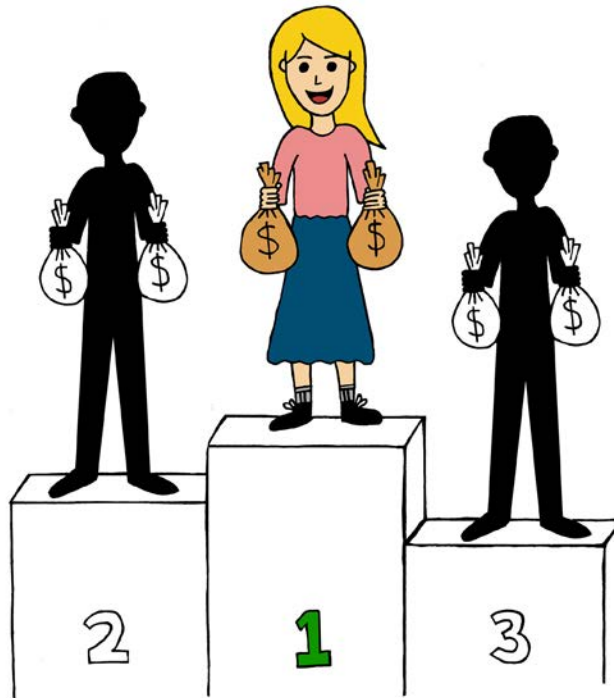


Trish knows that because:

- (a) She has a perfected circulating security interest; and that
- (b) FEG was paid out using the circulating assets of Hi-Fi,

she has a right to claim the money separately recovered by the liquidator from the ATO and the director in priority to other creditors to the extent that the payment to FEG diminished her security. Trish can also provide funding to the liquidator as a litigation loan to pursue an even better return.

## Step 6: Receive priority over recoveries



Because Trish took the correct steps, she is entitled to a return on her funding to the liquidator and an additional share in the recovery in priority to other creditors.

## Contact us

If you have any questions about securing your interests on the PPS Register, please contact:



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