

In 2004, the newly appointed Board of Adamstown Rosebud Sport & Recreation Club Co-operative found difficulties with overdue accounts in 2004-2005. Stuart Ariff Consultancies were approached in 2005 for advice on restructuring or other means to continue trading.

Stuart Ariff recommended that the only way out was to go into voluntary administration as we were considered to be insolvent and could not meet our obligations.

Previous to this, our auditors, Crosbie Warren Sinclair knew our position and that we had been trading whilst insolvent for several years. The Board members then were requested to sign a document which indicated the directors knew the situation but would continue to trade. The audit fees charged by Crosbie Warren Sinclair were considered excessive for the size of the club.

It also became obvious the previous Secretary Manager, Mr. Greg Luck had been spending more than should have, with suspect dealings and accounts not being paid, this included staff superannuation, rent and taxes. Debts totaled in excess of \$300,000.

Stuart Ariff addressed the Board and worded a motion to appoint him as the Administrator; the motion was passed by the board.

A meeting of Creditors was held and they accepted Stuart Ariff as Administrator.

A Deed of Arrangement was drawn up and signed.

The running of the Club was handed back to the Board.

Stuart Ariff attended one Board meeting where he agreed to approve our leasing of a beer glycol system and several poker machine updates.

A representative of Stuart Ariff attended the next two AGM's. Tina Easton, then Andrew Duggan, the last was in 2007.

In August 2008 the local newspaper ran an article on ASIC taking Ariff to court on counts of overcharging fees of companies under his control.

ASIC were contacted by phone to express concern that we were currently under Ariff, and required some advice, we were told to lodge a complaint online.

An online complaint was lodged with the concern that employee entitlements may not get paid.

ASIC acknowledged the complaint and advised they would do nothing and as we were a co-operative, referred us to the Office of Fair Trading and to seek legal advice if required.

We were advised by our accountant to maintain payments to meet our obligations under the Deed of Arrangement.

Letters were sent to Ariff requesting details of disbursements made to date in 2008.

The reply contained details of only of fee payments to Ariff's company.

Later correspondence indicated the first payments were to be made to employees, but no payments were made.

This is the last contact with Ariff's office; calls were never answered or replied.

The Club continued trading and meeting its obligations.

When the last newspaper report in August 2009 showed that Ariff had been barred from trading as an Administrator, we had two payments to make. We were reluctant not to pay them knowing we would be in breach of the Deed.

Further phone calls resulted in no reply until eventually a person from Ariff's office called and said not to make those last two installments.

This Club has still not had any official notice from anyone that Stuart Ariff is no longer the Administrator for our Deed.

The Office of Fair Trading was contacted, twice by phone, the second time they requested an online complaint.

This was replied to, advising us to seek legal advice and as we appointed the original administrator by board motion we were to appoint another administrator. We have no finances to do so.

A local Insolvency company was eventually contacted, Jirsh / Sutherland and spoke to Caroline who was going to check into it, it was over a month of repeated calls to see what was happening that contact was then referred to their Newcastle office, all other calls appeared to have been diverted to their Sydney office. Their Representative Lloyd Kerr phoned and advised he had done some research and offered to address the directors at the next board meeting.

Lloyd told the board that an Administrator was required to be appointed by the court and that an application would cost about \$6,000.

It could then be expected that another \$14,000 in fees could be incurred.

This the club could not afford and it would be liquidated instead.

Lloyd also advised us that the cheque payments we made into Ariff's account was now empty, but we should confirm that by asking our bank the account that they were paid into.

Our bank would not give those details, only the bank into which our checks were deposited.

Lloyd also told us that according to the Deed of Arrangement, we were still liable for the debts due to be paid to the Creditors because Ariff had not paid them.

We were also told that Ariff's records had been destroyed by the storage company for not paying storage fees.

His final advice was to do nothing until contacted by a creditor then get back in touch with him.

It was later discovered that the Manager of Jirsch/ Sutherland was Tina Battye who was then Tina Easton a major player with Stuart Ariff and the one who signed our Deed of Arrangement on behalf of Ariff.

Further legal advice again confirmed that an Administrator was needed to be appointed by the courts.

Advice from an accountant then referred us to another Insolvency Firm, Paul Gidley of

Gidley and Shaw.

Paul Gidley is currently making inquiries with ASIC and the Office of Fair Trading.

The result of Ariff's actions left this club completely in limbo and in fear of closing. The club cannot afford to pay further administrator fees.

Due to the uncertainty of being able to continue trading and in light of the up coming bowls pennant season, members have left, joining other clubs, and this has left us with a further downturn in trading above that normally being experienced at this time of year. Closure is imminent without proper guidance and assistance.

The Clubs complaints are:

Stuart Ariff has stolen the monies the Club has paid to be dispersed to the Club's Creditors, as a result:-

ASIC has completely ignored the Club's complaint against Ariff while Ariff was being investigated

ASIC has not advised the Club of Stuart Ariff's demise as our Administrator.

ASIC has not laid criminal charges against Ariff.

ASIC has made no attempt to recover the missing funds from the companies he ravished.

This Club appears to be expected to pay twice.

This Club appears to have to pay further Administrator fees to extinguish the Deed of Arrangement

The NSW Police have taken no action after a complaint was lodged with them.

The Office of Fair Trading has been of no assistance, telling us to look after ourselves.

The Office of Fair Trading has taken no action against Ariff under NSW Law.

Administrators, being "Officers of the Court" are not monitored for their actions.

Administrator's trust funds are readily pillaged without recourse or control.

Administrator's fees are outrageous and not fully controlled.

Companies in trouble should be able to rely on the administrator's honesty and best practice to assist.

Some administrators take advantage of those that require their guidance.

Those in trouble expect a fair go, not to be taken advantage of when vulnerable.