

**Wealthtek Limited Liability Partnership  
In Investment Bank Special Administration**  
(trading as WealthTek, Vertem Asset Management and Malloch Melville)

In the High Court of Justice No. CR-2023-001772

Joint Special Administrators' progress report  
from 6 October 2023 to 5 April 2024

# Contents

SECTION	PAGE NUMBER
GLOSSARY OF TERMS	3
1. KEY INFORMATION	7
2. PROGRESS IN THE PERIOD	12
3. FINANCIAL POSITION	21
4. INVESTIGATIONS	23
5. REMUNERATION AND EXPENSES OF THE SPECIAL ADMINISTRATION	24
6. DURATION OF AND EXIT FROM THE SPECIAL ADMINISTRATION	26
<b>APPENDICES</b>	
A. STATUTORY INFORMATION	27
B. CLIENTS' AND CREDITORS' RIGHTS	28
C. RECEIPTS AND PAYMENTS ACCOUNTS	29
D. JOINT SPECIAL ADMINISTRATORS' REMUNERATION	31
E. JOINT SPECIAL ADMINISTRATORS' EXPENSES	38
F. CREDITOR CLAIM FORM	41

---

# GLOSSARY OF TERMS

Abbreviation or term	Meaning
'Act'	Insolvency Act 1986
'Authorities'	The Bank of England, the Treasury and the FCA, collectively
'Bar Date'	A deadline for Clients to submit their claims in respect of Client Money and/or Custody Assets, which was set as 20 March 2024
'Bar Date Notice'	Formal notice of the Bar Date issued to clients in accordance with Rule 138 of the Rules
'CASS'	The FCA's Client Assets Sourcebook
'CASS 7'	Chapter 7 (client money rules) of CASS
'CASS 7A'	Chapter 7A (client money distribution and transfer) of CASS
'Client'	A party for whom the LLP held Client Money and/or Custody Assets (i.e. Client Assets)
'Client Assets'	Client Money and Custody Assets, collectively
'Client Assets Claim'	Each Client's claim to the Custody Assets
'Client Assets Claim Form'	The form submitted by Clients agreeing or disagreeing with their Client Assets Claim and/or Client Money Entitlement, as set out in their Client Assets Statement
'Client Assets Reconciliation'	A reconciliation conducted by the JSAs to confirm (a) the Client Assets held by the LLP on behalf of its Clients and (b) the claims of Clients in respect of those Client Assets
'Client Assets Statement'	The statement that each Client was sent by the JSAs (in advance of the Bar Date), detailing their entitlement to Client Assets according to the LLP's records as at 6 April 2023
'Client Money'	Money that the LLP has received, held and/or treated as client money in accordance with the Client Money Rules
'Client Money Entitlement'	The amount of each Client's claim to Client Money
'Client Money Rules'	CASS 7 and CASS 7A
'Client Statement'	The statement each Client previously received from the JSAs together with notice of the Proposals and the Initial Meeting, detailing their entitlement to Client Assets according to the LLP's records as at 6 April 2023
'Clients' and Creditors' Committee' or 'Committee'	The committee established to represent the interests of all Clients and Creditors and assist the JSAs in the making of certain decisions, representing the whole Client and Creditor body

<b>'CMP'</b>	The Client Money Pool, being the pool of Client Money held on trust by the LLP in accordance with the Client Money Rules, pooled in accordance with those rules for the purpose of distributing Client Money
<b>'Court'</b>	The High Court of Justice, Business and Property Courts of England & Wales
<b>'Creditor'</b>	Any party who is owed monies by the LLP, including Trade Creditors and Clients with a Client Money and/or Custody Asset shortfall and Secured, Preferential, Secondary Preferential and ordinary Unsecured Creditors
<b>'Custody Assets'</b>	Securities (including stocks, shares and other investments) held for and on behalf of the Clients by the LLP and/or WT Nominees as at the date of the JSAs' appointment
<b>'Designated Members'</b>	The LLP's designated members, being Mr Dance and WealthTek Capital Limited
<b>'Distribution Plan'</b>	A distribution plan under Chapter 3 of the Rules which sets out how Client Assets will be returned to Clients and how the costs of the Special Administration will be allocated
<b>'Estate'</b>	The LLP's assets and liabilities generally, excluding Client Assets
<b>'Estate Assets'</b>	Assets belonging to the LLP that will be realised for the benefit of Creditors, subject to the deduction of applicable costs and expenses, but which are not Client Assets
<b>'FCA'</b>	Financial Conduct Authority
<b>'FSCS'</b>	Financial Services Compensation Scheme
<b>'FSMA'</b>	Financial Services and Markets Act 2000
<b>'Global Portal'</b>	BDO's Global Portal for access and use by Clients in relation to Client specific matters
<b>'HMRC'</b>	HM Revenue & Customs
<b>'Initial Meeting'</b>	Meeting of Clients and Creditors to consider and approve the JSAs' Proposals, which was held at 14:00 hours on Wednesday 14 June 2023 at The Met Hotel, King Street, Leeds LS1 2HQ
<b>'Intermediaries'</b>	Individuals and/or corporate entities who have introduced Clients to the LLP
<b>'Investment Bank'</b>	An entity incorporated in the United Kingdom, which has permissions under FSMA to carry out certain regulated activities and holds Client Assets
<b>'IPS'</b>	The JSAs' electronic case management database known as Insolvency Practitioners System
<b>'JIMs'</b>	Shane Crooks, Mark Shaw and Emma Sayers, the former Joint Interim Managers appointed on 4 April 2023, until they were then appointed as JSAs on 6 April 2023
<b>'JSAs' or 'we'</b>	Shane Crooks, Mark Shaw and Emma Sayers

<b>‘LSE’</b>	London Stock Exchange
<b>‘Mr Dance’</b>	Jonathan/ John Edward Dance
<b>‘Ms O’Sullivan’</b>	Catherine O’Sullivan, a former director of WT Nominees
<b>‘Net Property’</b>	Floating charge realisations after costs and payment of Preferential and Secondary Preferential Creditors in full
<b>‘Nominated Broker’</b>	Any persons that the JSAs notify as being a Nominated Broker to receive the Client Assets in accordance with Regulation 10B
<b>‘NRF’</b>	Norton Rose Fulbright LLP, the solicitors instructed to advise the JSAs in that capacity
<b>‘Objectives’</b>	The three statutory objectives set out in regulation 10(1) of the Regulations, namely Objective One, Objective Two and Objective Three
<b>‘Objective One’</b>	To ensure the return of client assets as soon as is reasonably practicable
<b>‘Objective Three’</b>	To either: <ul style="list-style-type: none"> <li>(i) Rescue the Investment Bank as a going concern, or</li> <li>(ii) Wind it up in the best interest of the creditors</li> </ul>
<b>‘Objective Two’</b>	To ensure timely engagement with market infrastructure bodies and the Authorities pursuant to regulation 13 of the Regulations
<b>‘Period’</b>	6 October 2023 to 5 April 2024
<b>‘Platform’</b>	The LLP’s electronic database used by Clients and Intermediaries known as WIN and/or Portfolio, developed in conjunction with Contemi Solutions (London) Limited
<b>‘Portal’</b>	BDO’s online portal for Clients and Creditors, at <a href="https://brportal.bdo.co.uk">brportal.bdo.co.uk</a> , in relation to general Client and Creditor updates and communications
<b>‘Portfolio Account’</b>	Each Client’s online account, hosted on the Platform which, prior to Special Administration, were accessible by the Client and the Intermediary
<b>‘Post-appointment Client Money’</b>	Client Money received after the PPE, to be held separately from the CMP and distributed in accordance with the Client Money Rules
<b>‘PPE’</b>	Primary pooling event as defined under CASS 7A, resulting in the formation of the CMP at the time the LLP entered Special Administration
<b>‘Preferential Creditors’</b>	Claims for unpaid wages earned in the four months prior to Special Administration up to £800, holiday pay and unpaid pension contributions in certain circumstances. Where a decision is being sought from Preferential Creditors, these will include Secondary Preferential Creditors
<b>‘Premises’</b>	The property known as Cobalt 8, 14 Silver Fox Way, Cobalt Business Park, Newcastle Upon Tyne NE27 0QJ
<b>‘Prescribed Part’</b>	Where a body corporate has granted a floating charge after 15 September 2003, under Section 176A of the Act (as applied by the Regulations) a proportion of the Net Property available to a QFCH is set aside for the Unsecured Creditors of that body corporate

---

<b>‘Proposals’</b>	The JSAs’ statement of proposals for achieving the purpose of the Special Administration
<b>‘QFCH’</b>	Qualifying Floating Charge Holder
<b>‘Redundancy Payments Service’ or ‘RPS’</b>	A government department that pays outstanding entitlements to employees (up to certain statutory limits) in the event their employer is insolvent
<b>‘Regulations’</b>	Investment Bank Special Administration Regulations 2011
<b>‘Rules’</b>	Investment Bank Special Administration (England and Wales) Rules 2011
<b>‘Secondary Preferential Creditors’</b>	Where a company enters into Special Administration on or after 1 December 2020, claims for unpaid VAT, PAYE deductions, Employee National Insurance Contributions (NICs) deductions, student loan repayment deductions and amounts withheld under the construction industry scheme
<b>‘Secured Creditors’</b>	Creditors whose debt is secured over the LLP’s property
<b>‘Special Administration’</b>	Investment Bank Special Administration, an insolvency process under the Regulations - which the LLP entered on 6 April 2023
<b>‘Special Administration Order’</b>	Order of the High Court made on 6 April 2023 with effect from 12:45 hours, placing the LLP into Special Administration and appointing the JSAs as special administrators
<b>‘the Funder’</b>	HUK 126 Limited
<b>‘the LLP’</b>	Wealthtek Limited Liability Partnership trading as: WealthTek, Vertem Asset Management and Malloch Melville
<b>‘the Report’</b>	This report, prepared and sent in accordance with Rules 122 and 123 of the Rules
<b>‘Trade Creditors’</b>	Any party who is not a Client that is owed an amount by the LLP, including Preferential, Secondary Preferential and Unsecured Creditors
<b>‘Unsecured Creditors’</b>	Creditors who are neither secured nor preferential
<b>‘WT Nominees’</b>	WealthTek Nominees Limited

---

# 1. KEY INFORMATION

## 1.1. Background

Shane Crooks, Mark Shaw and Emma Sayers were appointed as JSAs of the LLP on 6 April 2023 by the Special Administration Order following an application by the FCA.

The affairs, business and property of the LLP are being managed by the JSAs, who act as agents of the LLP and without personal liability.

Under the provisions of paragraph 100(2) of Schedule B1 to the Act (as applied by Regulation 15 of the Regulations), the JSAs carry out their functions jointly and severally (meaning any action can be done by one or more of the JSAs).

Nothing in this Report is intended to waive any form of legal privilege held by the LLP or the JSAs.

## 1.2. Purpose of the Report

This is the second six-month progress report in relation to the Special Administration, for the period from 6 October 2023 to 5 April 2024.

The main purpose of the Report is to provide Clients and Creditors with an update on the progress of the Special Administration during the Period, including progress made by the JSAs in pursuing the Objectives of the Special Administration.

This introductory section seeks to provide a summary of the key matters that have been progressed during the Period, and which are outlined in further detail in the subsequent sections of the Report.

We would encourage the reader to review this Report in conjunction with all other reports and updates regarding the Special Administration. These are available on the [brportal.bdo.co.uk](https://brportal.bdo.co.uk) portal or through the JSAs' website [www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/wealthtek-administration](https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/wealthtek-administration).

## 1.3. Summary of actions taken in the Period

As previously reported, on 4 April 2023 the FCA imposed requirements on the LLP immediately to cease all regulated activities for which it had Part 4A FSMA permissions. The LLP has therefore not undertaken any regulated activity in the Period.

During the Period, the JSAs have:

- Continued to safeguard the LLP's hard copy and electronic books and records;
  - Catalogued/scheduled the LLP's hard copy records;
  - Continued to retain three employees to assist the JSAs with the Client Assets Reconciliation, their investigations and the general discharge of their duties;
  - Met ongoing reporting requirements to the Funder, in relation to the pursuit of Objective One;
  - Carried out further investigations and made enquiries of potential custodians and counterparties to identify any additional Client Assets;
  - Undertaken routine reconciliations of Custody Assets held;
  - Undertaken daily reconciliations of Client Money and post-appointment receipts and corporate actions;
-

- 
- Continued to engage with legal counsel to advise on numerous issues in the Special Administration, including in particular the Client Assets shortfalls and the accuracy of the LLP's books and records (which was necessary in order to complete the Client Assets Reconciliation);
  - Completed the Client Assets Reconciliation and prepared the Client Assets Statements in respect of each Client.
  - Prepared explanatory documentation, including the Bar Date Notice and 'Client Assets Statement FAQs and Flowchart', to assist clients' understanding of the Client Assets Statements and Bar Date Notice.
  - Contacted each Client providing them with communication options, specifically whether or not they wanted an individual client portal or hard copy documents.
  - Set up 1,089 individual client portals and provided log-in instructions and a user guide to all relevant Clients;
  - Issued all Clients with Client Assets Statements via either their individual client portal or in hard copy;
  - Created and issued electronic and hard copy Client Assets Claim Forms, providing an efficient and effective way for each Client to agree or disagree the claims to Client Assets as set out in their respective Client Assets Statement;
  - Expanded the JSAs' team to allow effective and responsive communication with Clients via their preferred methods of communication, in relation to any specific or general queries on the Client Assets Statements or Client Assets Claim Form (there being a significant increase in enquiries following the issue of the Client Assets Statements);
  - Investigated and, where possible, resolved disagreements on the Client Assets entitlements set out on the Client Assets Statements;
  - Issued updates to Clients and Creditors on key matters arising;
  - Drafted the Distribution Plan and supporting documentation, including an Explanatory Statement and a further set of FAQs, together with the Court application documents and supporting witness statement;
  - Engaged legal counsel to advise on numerous issues arising in relation to the Distribution Plan and associated documentation;
  - Liaised with legal advisers, counsel, the FSCS, the FCA and the Committee with regard to the Distribution Plan and other supporting documents;
  - Liaised with the FSCS regarding the extent of compensation cover available for eligible Clients and the method of funding compensation payable through the Distribution Plan;
  - Carried out a process to identify potential Nominated Brokers in relation to the transfer of Client Assets pursuant to the Distribution Plan. The JSAs have now identified a preferred candidate to undertake the role, and they continue to progress discussions regarding the proposed migration plan and formal transfer documentation;
  - Initiated discussions with HMRC regarding certain tax related matters, to ascertain what general guidance may be available to Clients;
  - Held formal Committee meetings on 15 December 2023 and 27 February 2024, and continued to liaise with the Committee on a regular basis;
  - Continued with investigations into the affairs of the LLP and the Client Assets shortfalls;
  - Liaised with the FCA, the FSCS and the LSE as required; and
  - Issued all required statutory notifications and reports in accordance with the Regulations and the Rules.
-

Further details of the work undertaken by the JSAs during the Period is provided in section 2.

Due to the position inherited by the JSAs on their appointment, including the significant Client Assets shortfalls and flawed books and records, ascertaining the LLP's position, and that of each Client, has taken some time and has been complex. The JSAs are respectful of the hardship caused to individual Clients and Creditors and are doing all they can to progress and resolve an appropriately fair outcome for all in line with their duties.

## **1.4. Return of Client Assets**

### **1.4.1. Client Assets Shortfall**

As previously outlined in the Proposals, and unlike in other Investment Bank Special Administrations that have occurred to date, there is a significant shortfall in the Client Assets held by the LLP.

The existence of that shortfall has in turn highlighted a number of issues in relation to the books and records of the LLP, on which the JSAs would normally expect to rely for the purposes of completing the Client Assets Reconciliation and returning Client Assets.

This has had an impact on the speed and manner in which Client Assets can be returned to Clients, as the JSAs have had to ensure that the rights of each Client are understood and respected as they have drawn up the Distribution Plan.

As previously reported, the JSAs' investigations have identified a Client Assets shortfall of £80.4m, which is made up of a Custody Asset shortfall of £70.6m and a Client Money shortfall of £9.8m.

### **1.4.2. Client Assets Statement and Bar Date Notice**

On 12 February 2024, the JSAs issued Client Assets Statements and requested that Clients agree or disagree with their Client Assets Claims and Client Money Entitlements by completing a Client Assets Claim Form. This form also included the option for Clients to elect to receive FSCS compensation, if eligible.

As at the date of this Report, the JSAs have received 1,084 completed Client Assets Claims Forms from Clients. Client Assets Claims and Client Money Entitlements have been agreed on 1,069 of the forms (leaving disagreements on 15 of the forms, which the JSAs are attempting to resolve). Claims in respect of the remaining c320 Client accounts currently remain outstanding, although it should be noted that a significant proportion of these accounts have relatively modest balances.

The Regulations and the Rules provide a mechanism for adjudicating Client Assets Claims and distributing Custody Assets; this involves setting a deadline for Clients to submit their claims, known as a Bar Date. In the case of the LLP, the JSAs set a Bar Date of 20 March 2024 for claims to both Custody Assets and Client Money (which, in the case of the latter, is also permitted under the Regulations).

The benefit of a Bar Date is that, once it has passed, any subsequent distributions cannot then be disrupted by any Client who might later make a claim against the relevant Client Assets. Thus, whilst it does not prevent a Client from bringing a late claim, such a claim would only be met if the assets remained available. This ensures a degree of fairness to Clients who submit claims timeously and minimises the delay in distributing Client Assets to such Clients.

### **1.4.3. Distribution Plan**

Where the JSAs have set a Bar Date for claims to Custody Assets held by the LLP, they are required to return Custody Assets under the terms of a Distribution Plan, which must be approved by both the Committee and the Court.

The JSAs and their legal team have prepared the Distribution Plan and supporting documentation, which has now been formally approved by the Committee. This must also then be approved by the Court. An application is expected to be filed in the week commencing 6 May 2024, and a hearing date has been provisionally scheduled for 7 June 2024.

---

The Distribution Plan and supporting documents will be available on the JSAs' webpage using the following link [www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/wealthtek-administration](http://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/wealthtek-administration).

#### 1.4.4. FSCS eligibility

The FSCS has previously confirmed it anticipates that, for eligible customers, it is likely to meet any losses suffered, up to certain limits (see below), in relation to the following:

- the costs of returning Client Money;
- the costs of transferring any Client Assets to a new broker (provided that the assets are covered by the FSCS's rules);
- shortfalls suffered on any Client Money claim; and
- shortfalls suffered on any Custody Assets claim.

For eligible Clients, therefore, FSCS cover will compensate Clients in respect of the costs of returning Client Assets and the losses arising from the Client Assets shortfalls, up to the maximum available cover of £85,000 per client.

During the Period, certain Clients that, based on the LLP records, are 'non-natural persons' (for example, SIPPs, trusts, deceased estates, and corporate entities) have been asked to complete a 'Corporate FSCS Eligibility Form'. The FSCS will use the information provided to determine these particular Clients' eligibility for FSCS compensation.

#### 1.5. Return to Creditors

The table below summarises the anticipated outcome for Creditors (as opposed to Clients), based on our current understanding of the position. Please note that this may be subject to change.

Class of creditor	Current estimate	Previous estimate
Secured creditors	N/A	N/A
Preferential creditors	Nil	Nil
Secondary preferential creditors	Nil	Nil
Unsecured creditors <sup>1</sup>	Nil	Nil

1. As at the date of appointment, the LLP had no outstanding floating charge security. Therefore, the Prescribed Part will not apply in the Special Administration.

#### 1.6. What Clients and Creditors need to do

The purpose of the Report is to provide Clients and Creditors with an update only. Clients and Creditors do not need to take any further action at this time.

Any Client who has yet to submit their Client Assets Claim Form should do so at the earliest possible opportunity.

#### 1.7. Clients' and Creditors' rights

An overview of the rights of Clients and Creditors is detailed at Appendix B.

If there are any matters relating to the affairs of the LLP and/or its Designated Members that you consider merit investigation, you should provide details to the JSAs using the contact details below (to the extent you have not already done so).

## 1.8. Contact details

Contact: The WealthTek Team, BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH  
Tel: +44 (0)113 521 4470 or +44 (0)151 351 4700  
Email: [WealthTekClients@bdo.co.uk](mailto:WealthTekClients@bdo.co.uk) or [WealthTek@bdo.co.uk](mailto:WealthTek@bdo.co.uk)  
Reference: 00426532

---

## 2. PROGRESS IN THE PERIOD

### 2.1. Overview

During the Period, the JSAs have continued to pursue their strategy to achieve the three statutory Objectives of the Special Administration under the Regulations. A significant amount of time continued to be spent investigating and reconciling the Client Assets position and preparing the Distribution Plan and associated documentation.

### 2.2. Objective One - Return of Client Assets

#### 2.2.1. Securing all known Custody Assets and Client Money

As previously reported, at the date of the JSAs' appointment, the Platform (i.e. the LLP's books and records) indicated that the LLP held Client Assets with a value of c£233m (although the value of the Client Assets would ordinarily fluctuate from time to time, due to market movements and foreign exchange rates).

The JSAs' immediate priority upon appointment was to establish the identity of all possible custodians of Client Assets, and to secure those assets as soon as they were identified. The JSAs have continued to investigate the Client Assets position during the Period, which has required various amendments to the Client Assets Reconciliation and calculation of the shortfall; notwithstanding this, the overall Client Assets shortfall continues to stand at c£80.4m (consistent with the shortfall identified in the JSAs' previous progress report).

Further details of the Client Assets are set out below.

#### 2.2.2. Custody Assets held at CACEIS

The JSAs continue to liaise with the LLP's custodian, CACEIS, which held Custody Assets valued at c£96.2m as at 4 April 2023 (the date of the protective JIMs' appointment, which preceded the JSAs' appointment by a short period). CACEIS continue to hold the Custody Assets, together with income and assets resulting from corporate actions since the JSAs' appointment.

The JSAs' team has access to the CACEIS electronic portal, which allows access to the corporate actions processed by CACEIS. This allows the JSAs' team to undertake regular reconciliations of Custody Assets and Client Money, and the relevant corporate actions received.

Corporate actions relate to dividends, coupon payments and similar rights accruing on Custody Assets since the date of the JSAs' appointment, which have continued to be received by CACEIS during the Period. These receipts are separately accounted for in accordance with CASS 7A and do not form part of the CMP.

As previously reported, the JSAs have established a system for recording and reconciling these receipts. To date, the JSAs have recorded 3,100 cash events across seven currencies; the total receipts on a currency basis are provided below.

Currency	Value £
CAD	11,213.92
EUR	349,563.31
USD	1,255,790.10
HKD	6,347.52
GBP	9,060,639.88
AUD	7,770.25
NZD	0.36
<b>Total</b>	<b>10,691,325.34</b>

The funds relating to these post-appointment receipts will be distributed alongside, and consistently with, the distribution of the Custody Assets to which the relevant receipts relate. Further details in this regard will be provided in the Distribution Plan. The funds are, as such, Client-specific in the same way as Custody Assets.

As previously reported, the LLP cannot undertake regulated activity and is therefore not in a position to make any elections on optional corporate actions, such as rights issues. The JSAs continue to record and reconcile any mandatory corporate actions, such as dividends and stock splits. To date, the JSAs have recorded 115 stock events including mergers, rights issues, stock splits and spin offs. The treatment of these mandatory corporate actions will be set out in the Distribution Plan.

### 2.2.3. Unit trusts

As previously reported, at the time of the appointment of the JSAs, the Platform indicated that the value of Custody Assets which were held in unit trusts was £58.7m. The value (as at 6 April 2023) of the unit trusts subsequently identified by the JSAs is £41.9m, representing a shortfall of £16.8m.

The investments in the unit trusts are held in the name of WT Nominees. WT Nominees is a separate legal entity to the LLP, over which the JSAs have not been appointed. The LLP is, however, the sole shareholder of WT Nominees. As previously reported, shortly after the JSAs' appointment, steps were taken to pass a shareholder resolution removing the previous directors (Mr Dance and Ms O'Sullivan) and appointing an independent director in their place.

During the Period, the JSAs have continued to reconcile the unit trust positions (albeit certain of the unit trust managers provide statements only infrequently). The reconciliation includes corporate actions that have taken place since the date of the appointment of the JSAs. The funds relating to these corporate actions will be distributed alongside, and consistently with, the distribution of the Custody Assets to which the relevant receipts relate.

### 2.2.4. Making enquires of potential custodians of Custody Assets

During the Period, a thorough review of the hard copy records obtained from the LLP's offices was undertaken, resulting in the discovery of additional Client Assets, in the form of hard copy share certificates. In addition, the JSAs identified stocks held by the LLP with a Registrar in an offshore jurisdiction. These additional Client Assets have a value, as at 6 April 2023, of c£429k (see note 3 in the table below).

### 2.2.5. Custody Assets shortfall

The updated shortfall in respect of the Custody Assets is set out in the table below:

Description	Note	Value £*
Total valuation of Custody Assets on the Platform as at 6 April 2023	1	216,480,868
Custody Assets confirmed to be held by custodians as at 6 April 2023	2	138,634,478
Custody Assets held by the LLP in certificated form as at 6 April 2023	3	428,818
Surplus assets confirmed to be held by custodians as at 6 April 2023	4	(2,720,702)
Custody Assets recorded on Platform but not actually held by LLP on behalf of clients	5	9,527,778
<b>Current Custody Asset shortfall</b>	<b>6</b>	<b>70,610,496</b>

## Notes:

1. This is the JSAs' updated estimated valuation of Custody Assets indicated as being held by the LLP as at 6 April 2023. This figure was derived by taking the units held in each individual security by all Clients and applying the mid-price recorded on Bloomberg on 6 April 2023. There is a small proportion of Custody Assets which did not have a price available. The JSAs have used alternative methods to value these at this time, which inevitably involves a degree of judgment. There are minor differences between the values shown on the Platform as at 6 April 2023 and the values extracted from Bloomberg.  
  
This figure has increased from £215,038,794 in the previous report as the valuation of certain stocks has been adjusted. This is due to the inaccuracies within the LLP's records and because some of the previous valuations were also considered inaccurate due to the dates at which they were taken. In addition, this figure now includes securities held in certificated form in the name of certain individuals that were not recorded as Clients in the LLP's records.
2. This is the confirmed Custody Assets held with custodians valued as at 6 April 2023. This figure has decreased from £138,808,015 in the previous report, as the valuation of certain stocks has been adjusted due to inaccuracies in the original data within the LLP's records.
3. Original share certificates in the name of Clients have been identified during the Period.
4. The reconciliation has identified assets valued at c£2.7m which are confirmed as being held with custodians, but the Platform records do not indicate that any Clients have a claim to these assets. This figure has changed from the figure of c£2.9m identified in the previous report, as specific assets previously included here have since been allocated to Clients.
5. As previously reported, the JSAs are aware of one asset with a recorded value of c£8.5m, which had been included in a Client's portfolio. The JSAs' investigations have identified, however, that the LLP never held the asset on behalf of the Client, and it does not therefore form part of the Custody Assets. Additionally, during the Period, the JSAs have become aware of four Clients that hold in their possession physical share certificates with a value of c£1m. These were previously understood to have been held in the name of the LLP and therefore had been included in the shortfall figure. The effect of these adjustments is to reduce the Custody Asset shortfall.
6. The JSAs have undertaken substantial investigations and do not at this stage anticipate identifying any additional Custody Assets that will materially affect the Custody Assets shortfall.

### 2.2.6. Client Money

As previously reported, the appointment of the JSAs triggered a primary pooling event ('PPE') under CASS 7A, whereby all Client Money held at that time was pooled to form the CMP. The currency holdings of Client Money within the CMP can be summarised as follows (this remains unchanged from the analysis provided in the previous progress report):

Currency	Value in GBP*
GBP	2,408,073
USD	118,724
EUR	178,214
Other (AUD, CAD, HKD and NZD)	3,865
<b>Total</b>	<b>2,708,876</b>

\* The GBP value of the CMP will vary as it remains subject to foreign exchange rates. The exchange rates were taken as at the close of business on 6 April 2023 for the purposes of the above valuation.

### 2.2.7. Client Money Reconciliation

The table below sets out the current shortfall on the Client Money reconciliation (this is unchanged from the position as stated in the previous progress report and Proposals):

As at 6 April 2023:	Value £*
Client Money positions on the Platform	12,460,932
Client Money held with known custodians	2,708,876
<b>Current Client Money shortfall</b>	<b>(9,752,056)</b>

\*The GBP value of the Client Money positions will vary as they remain subject to foreign exchange rates.

As detailed in the Client Assets Statements sent to Clients, Client Money is treated differently to Custody Assets in that it will be distributed under CASS 7A, rather than under the terms of the Distribution Plan. The JSAs nonetheless expect to distribute Client Money in parallel with the return of Client Assets. There is a Client Money shortfall, meaning that each client will receive a rateable distribution of Client Money held by the Firm based on their Client Money Entitlement, and will have an unsecured claim against the LLP in the amount of the shortfall.

A number of issues will impact on the final level of Client Money available for distribution but, based on current information, the JSAs estimate that the distribution should be at least 19p in the £ on the Client Money Entitlements.

### 2.2.8. The Client Assets Reconciliation

During the Period, work has continued on the Client Assets Reconciliation which, insofar as is possible given the level of shortfalls, is now complete. As set out in further detail below, on 12 February 2024 the JSAs issued all Clients with Client Assets Statements setting out their Custody Assets Claim and Client Money Entitlements, together with the details of any expected shortfalls in their Client Assets position.

### 2.2.9. Physical share certificates

As previously reported, the LLP held approximately 1,660 physical share certificates, relating to shares predominantly held in UK listed companies. The LLP obtained the shares from Clients (i.e. the physical share certificates are in the name of the underlying Clients), on the understanding

that the share certificates would be dematerialised and sold, with the underlying Client being credited with Client Money in an amount equal to the value of the shares. However, whilst a significant proportion of the Clients appear to have been accorded an increased Client Money Entitlement, the process of dematerialising and realising the physical share certificates was not in fact undertaken by the LLP.

The JSAs sought legal advice regarding the correct treatment and ownership of these certificated shares and have applied the principles obtained from the legal advice when dealing with this matter in the Client Assets Reconciliation and draft Distribution Plan.

Where it is appropriate to do so, physical share certificates will be returned to Clients when the Distribution Plan is implemented.

#### **2.2.10. Client Assets Statements**

As stated above, following the completion of the Client Assets Reconciliation, the JSAs issued Clients with their Client Assets Statements on 12 February 2024. The Bar Date Notice was also provided to Clients at this time. Each Client was asked to submit a Client Assets Claim Form confirming whether they agreed or disagreed with their stated Client Assets Claim and Client Money Entitlement.

This has been a significant undertaking in the Special Administration, with the process involving the following steps:

##### **Creation of individual Client portals**

Prior to the issuance of the Client Assets Statements, the JSAs contacted each Client and provided them with the options available for communication with the JSAs; this allowed Clients to choose to receive documents and communications by way of an individual electronic client portal or, if they preferred, via hard copy documents received by post.

The JSAs ultimately created 1,089 individual client portals on the BDO Global Portal, supplying log-in instructions and a user guide to all relevant Clients. These portals were utilised securely to supply the Clients with their Client Assets Statements, and the means to submit an electronic Client Assets Claim Form, providing an efficient and effective way for each Client to agree or disagree the Client Assets Claims and Client Money Entitlements as set out in their Client Assets Statements.

The JSAs prepared supporting explanatory documentation, including the 'Client Assets Statement FAQs and Flowchart' to assist Clients' understanding of the details contained in the Client Assets Statements.

##### **Hard copy documents**

Where requested, the JSAs issued Clients with their Client Assets Statements, Client Assets Claim Form and supporting documents in hard copy. Approximately 286 hard copy documents were issued.

##### **Support and assistance**

The JSAs increased the size of their Client support team in order effectively and efficiently to respond to the significantly increased level of Client enquiries that were anticipated. Understandably, multiple clients had queries in relation to the Client Assets Statements and Client Assets Claim Forms, and the process of returning Client Assets more generally. Dedicated support was offered to Clients, using their preferred medium of communication (telephone or email).

##### **Client Assets Statements reconciliation**

Dedicated members of the JSAs' team have investigated and dealt with specific client queries in relation to their Client Assets Claims and Client Money Entitlements, in particular in respect of

---

those Clients who indicated on their Client Assets Claim Forms that they disagreed with the details contained in their Client Assets Statements, in an effort to resolve areas of disagreement.

Whilst a significant number of Client Assets Claim Forms were received prior to the Bar Date, a number have also been received after that date. The JSAs' team continue to liaise with a small number of Clients in an attempt to resolve outstanding disagreements. As at the date of this Report:

- 1,093 Client Assets Claim Forms have been received (out of a total of 1,404 Client accounts);
- Clients have agreed their Client Assets Claims and Client Money Entitlements on 1,085 of the Client Assets Claim Forms received;
- There remain disagreements in respect of 8 of the Client Assets Claim Forms (which the JSAs' team continue to attempt to resolve); and
- In all but 104 of the Client Assets Claim Forms, Clients have elected to receive FSCS compensation (if they are subsequently deemed to be eligible). All Clients opting out of FSCS compensation have been contacted to confirm the implications of this course of action, and Clients remain able to change their elections; it is anticipated that a number of Clients will do so prior to the return of Client Assets under the Distribution Plan.

Following the Bar Date, the JSAs have chased all Clients who have yet to submit their Client Assets Claim Forms. The JSAs encourage any Client who has yet to submit their claim to do so at the earliest opportunity. It should, however, be noted that, of the 320 Client accounts for which Client Assets Claim Forms have not been received, some 300 of these accounts have Client Assets Claims of less than £1,000 (and in many cases, significantly smaller balances).

### **2.2.11. Preparation of the Distribution Plan**

As previously advised, the Distribution Plan provides the mechanism by which, amongst other matters, Custody Assets can be returned to Clients. It must be formally approved by the Committee and the Court before it can be implemented.

The Distribution Plan is a complex document, which sets out what the JSAs consider to be the most appropriate and fair way to deal with the issues caused by the Client Assets shortfalls and the inaccuracies encountered to date in the LLP's books and records.

Together with their legal advisors, the JSAs have spent a significant amount of time during the Period drafting the Distribution Plan and supporting documents, including an Explanatory Statement and FAQs document. The Court application, together with a supporting witness statement, has also been prepared.

The JSAs worked closely with the Committee, the FSCS, and the FCA in relation to the drafting of the Distribution Plan, and various iterations of the documentation were shared with them during the Period.

The Committee formally approved the Distribution Plan on 2 May 2024, and the application is expected to be filed at Court in the week commencing 6 May 2024. A Court hearing date, at which the application will be considered, has been provisionally set for 7 June 2024. The JSAs will contact Clients after the hearing to inform them of the next steps in the process, Clients are able to attend the hearing in person.

### **2.2.12. Nominated Broker process**

As previously advised, the JSAs have sought to identify one or more Nominated Brokers to whom Client Assets can be transferred on implementation of the Distribution Plan.

During the Period, the JSAs have undertaken an exercise to identify parties that may be suitable for the Nominated Broker role. A significant number of parties were approached to consider the role, and proposals were ultimately received from three interested parties. The JSAs have

engaged extensively with each party to understand the nature of their proposals and their ability to undertake the role.

From this process, one party has been identified as the preferred Nominated Broker. The JSAs are currently working with that party to develop a detailed migration plan for transferring Client Assets. As part of this process, it will be necessary for the party to enter into a formal transfer agreement with the LLP and the JSAs. The identity of the putative Nominated Broker will be shared with Clients once the migration plan and formal agreement have been concluded.

#### **2.2.13. Tax issues**

Whilst the JSAs are unable to provide tax advice to Clients, they are aware that the failure of WealthTek, and the distribution of Client Assets and payment of FSCS compensation, is likely to cause a number of issues and uncertainties for Clients. The JSAs are therefore engaging with HMRC to understand what general guidance may be capable of being made available to Clients in the circumstances.

This remains an ongoing workstream, and the JSAs will provide an update to Clients in due course. Irrespective of the level of guidance ultimately received from HMRC, however, Clients should consider seeking independent tax advice in respect of their own individual financial positions.

#### **2.2.14. Recoveries for the benefit of Clients**

The JSAs are continuing to liaise with the FCA which, as previously reported, is conducting a regulatory and criminal investigation into the LLP and Mr Dance (including potential regulatory breaches relating to Client Money and Custody Assets).

As part of this process, on 4 April 2023, the FCA obtained a worldwide order to freeze assets belonging to Mr Dance up to the value of £40m, in order to preserve assets which may potentially be available for distribution or confiscation upon the conclusion of any civil or criminal proceedings brought by the FCA. On 8 November 2023, the FCA obtained a Restraint Order over Mr Dance's assets which has in effect replaced the original freezing order. The purpose of the Restraint Order is to preserve assets and make them available for a possible future confiscation order, which can only be made following a criminal conviction.

On 1 March 2024, following an application by the FCA, the High Court granted a 12 month stay in the FCA's civil case against Mr Dance (which had already been stayed as far as WealthTek is concerned), allowing the FCA to focus its resources on its criminal investigation against Mr Dance.

The JSAs understand that any recoveries made by the FCA in any proceedings resulting from its investigation will be for the benefit of those who have been adversely affected and/or suffered a loss as a result of contravention of the relevant regulatory requirements, i.e. the Clients (and if applicable the Creditors) of the LLP.

#### **2.2.15. Liaising with the FSCS**

During the Period, the JSAs have continued to work closely with the FSCS regarding the compensation arrangements available for customers who are eligible under FSCS rules. They have also liaised with the FSCS in relation to Clients that are experiencing serious financial hardship.

As previously reported, on 14 September 2023, the FSCS confirmed that it anticipates that, for eligible customers, it is likely to meet any losses suffered in relation to the following:

- the costs of returning Client Money;
- the costs of transferring any Custody Assets to a new broker (provided that the assets are covered by the FSCS's rules);
- shortfalls suffered on any Client Money claim; and
- shortfalls suffered on any Custody Asset claim.

For eligible Clients, therefore, the FSCS cover will compensate Clients in respect of the costs of returning Client Assets and the losses arising from the Client Assets shortfalls, up to the maximum available cover of £85,000 per client.

The JSAs will facilitate the payment of FSCS compensation via the implementation of the Distribution Plan. Formal arrangements to provide a mechanism for this have been negotiated with the FSCS during the Period.

Additionally, Clients that, based on the LLP records, are 'non-natural persons' (e.g. SIPPs, trusts, deceased estates, and corporate entities) have recently been asked to complete a 'Corporate FSCS Eligibility Form', which the FSCS will use to determine eligibility for these types of Client. Should any Client have any queries in relation to the completion of this form, they should contact the WealthTek Team on +44 (0)113 521 4470 or +44 (0)151 351 4700.

### 2.2.16. Communications with Clients and Intermediaries

The JSAs have continued to utilise a number of methods for communicating with Clients in relation to the 1,470 current Client accounts identified. These include:

- Websites: the LLP operated three websites, being [www.wealthtek.co.uk](http://www.wealthtek.co.uk), [www.vertemassetmanagement.com](http://www.vertemassetmanagement.com) and [www.mallochmelville.co.uk](http://www.mallochmelville.co.uk). Notices of the Special Administration have been placed on each website, together with a link to the JSAs' public website ([www.bdo.co.uk/en-gb/wealthtek-administration](http://www.bdo.co.uk/en-gb/wealthtek-administration)), which includes frequently asked questions and details of how to obtain further information.
- Post: the JSAs have continued to issue relevant documents to those Clients who prefer to receive paper documents rather than the electronic updates. This has included the Client Assets Statements and the Bar Date Notice.
- Email: dedicated email addresses for Clients ([WealthTekClients@bdo.co.uk](mailto:WealthTekClients@bdo.co.uk)) and Trade Creditors ([WealthTek@bdo.co.uk](mailto:WealthTek@bdo.co.uk)) were created to enable Clients and Creditors to contact the JSAs. These email addresses are monitored by the JSAs daily (on business days). In addition, a dedicated email address of [WealthTekKYC@bdo.co.uk](mailto:WealthTekKYC@bdo.co.uk) has been created to receive the identification document from Clients that have elected to receive compensation from the FSCS.
- The Portal: a dedicated online portal for all Clients and Creditors of the LLP was set up ([www.brportal.bdo.co.uk](http://www.brportal.bdo.co.uk)) to host documentation relating to the Special Administration. This includes the initial notice to Clients and Creditors, the Proposals and the six-monthly progress reports.
- Global Portal: as noted above, 1,089 individual Client portals were created to provide Clients with documentation, including the Client Assets Statements, in a secure manner.
- Helplines: the JSAs set up a dedicated helpline to take calls from Clients and Creditors wishing to speak to the JSAs' team. In addition, a separate helpline was set up and details provided to those Clients that have experienced significant losses as a result of the LLP's failure.
- Intermediaries: approximately 43% of the LLP's underlying Clients were introduced to the LLP through Intermediaries. The Intermediaries have remained the main point of contact for those Clients during the Period. The Intermediaries continue to provide useful information to the JSAs to assist their investigations into the Client Assets.

### 2.2.17. Reporting to the Funder

As previously advised, the LLP had limited cash resources as at the date of the JSAs' appointment and, as it is no longer able to carry out its regulated business, it cannot generate any income to fund operations over the period of the Special Administration.

The JSAs therefore secured a £2m loan facility from the Funder following their appointment, upon which £850,000 has been drawn down to date. The amount drawn down during the Period totals £299,998. The JSAs only make drawdown requests when necessary to meet the ongoing operational costs of the Special Administration.

During the Period, monthly cash reconciliations and cashflow reports were prepared for the Funder in accordance with the terms of the loan facility.

## **2.3. Objective Two - Engagement with market infrastructure bodies and the Authorities**

### **2.3.1. Financial Conduct Authority**

The JSAs have continued to maintain frequent contact with the FCA during the Period and will continue to do so in relation to the Distribution Plan, the appointment of the Nominated Broker, regulatory compliance and statutory reporting requirements, and the overall strategy of the Special Administration.

### **2.3.2. Financial Services Compensation Scheme**

The JSAs have maintained regular contact with the FSCS and have been working closely with the FSCS in order to prepare for, and facilitate, the payment of compensation to eligible Clients.

### **2.3.3. London Stock Exchange**

There were ongoing communications with the LSE regarding the membership of the LLP, which has now terminated.

## **2.4. Objective Three - rescue the Investment Bank as a going concern or wind it up in the interests of its creditors**

As previously reported, due to the Client Assets shortfall, the imposition by the FCA of requirements that prevent the LLP from carrying out regulated activity, the subsequent cessation of trade and the circumstances surrounding the JSAs' appointment, the JSAs did not consider it possible to rescue the LLP as a going concern. The JSAs have instead focussed on winding-up the LLP's affairs in the best interests of its Creditors.

During the Period, the JSAs have continued to liaise with Trade Creditors, responding to queries and providing guidance on the statutory process for making claims.

The remaining operations of the LLP will not be wound down until Objective One has been achieved.

## **2.5. Other matters**

In addition to the above matters, we have dealt with all statutory matters required by legislation and administrative work incidental to our duties as JSAs in this Special Administration.

---

## 3. FINANCIAL POSITION

### 3.1. Receipts and Payments

The summaries of receipts and payments in relation to Objective One and the Estate are attached at Appendix C and detail the receipts and payments from the date of the JSAs' appointment to 5 April 2024.

Whilst the summaries of receipts and payments are largely self-explanatory, we comment further as regards certain more significant items below.

#### 3.1.1. Estate receipts

During the Period, there were no Estate Assets realisations, other than interest earned on the cash balance held.

#### 3.1.2. Estate payments

Sanderson Weatherall were previously instructed to undertake a desktop valuation of the lease in relation to the Premises, the cost of which was £750 (plus VAT). In addition, Sanderson Weatherall had also been instructed to provide a valuation of the office furniture and equipment. In our previous report, we estimated that the cost of this valuation would be £4,500 (plus VAT); the actual cost, which was paid during the Period, was £2,049 (plus VAT).

#### 3.1.3. Objective One Receipts

During the Period, the amount of £299,998 was drawn down on the Objective One loan facility, in order to fund certain essential operational payments (see below). Total funding of £850,000 has been drawn down to date.

#### 3.1.4. Objective One Payments

Net wages totalling £70,046 have been paid in the Period, along with the associated PAYE/NIC and Pension scheme contributions, of £46,329 and £2,374, respectively.

Fees in relation to the Platform totalling £277,473 (plus VAT) have been paid in the Period. As previously reported, the Platform is the LLP's proprietary IT system (supplied by Contemi Solutions (London) Limited) and has been maintained by the JSAs to assist with the Client Assets Reconciliation and Distribution Plan. The fees paid in the Period relate to the six-monthly subscription fees, for the periods of October 2023 to March 2024 and April 2024 to September 2024.

Further information in relation to payments made is detailed in Appendix E.

#### 3.1.5. Estate Assets

No further estate assets have been identified or realised in the Period.

### 3.2. Estate Liabilities

#### 3.2.1. Secured Creditors

There were no outstanding charges granted by the LLP at the date of the appointment of the JSAs and, accordingly, there are no Secured Creditors in the Special Administration.

#### 3.2.2. Preferential Creditors

As previously reported, Preferential Creditors are represented by claims for unpaid wages earned in the four months prior the Special Administration of up to £800, and holiday pay and unpaid pension contributions in certain circumstances. The JSAs have retained ERA Solutions Limited, a specialist consultancy, to assist with the claims of the LLP's former employees.

As previously reported, subsequent to the appointment of the JSAs, 22 of the LLP's employees were made redundant, resulting in the following estimated preferential claims:

Preferential claims	£
Former employees - arrears of wages and accrued holiday pay	5,324
Redundancy Payments Service - arrears of wages and accrued holiday pay	16,653
<b>Total preferential claims</b>	<b>21,977</b>

In addition, the employer and employee pension scheme deductions for March 2023, in the sum of £5,043, were not paid to the scheme and are expected to result in an additional preferential claim.

As detailed in the return to creditors section of the Report, it is estimated that there will be no distribution to Preferential Creditors.

### 3.2.3. Secondary Preferential Creditors

Where an LLP enters Special Administration on or after 1 December 2020, claims for unpaid VAT, PAYE deductions, Employee National Insurance Contributions (NICs) deductions, student loan repayment deductions and amounts withheld under the construction industry scheme represent Secondary Preferential Creditors.

Deductions in respect of PAYE and NIC for the month of March 2023, in the sum of £26,364, were not paid to HMRC. These are expected to result in a secondary preferential claim although, as previously reported, the claim may be mitigated by set-off of VAT refunds totalling £12,003.

As detailed in the return to creditors section of the Report, it is estimated that there will be no distribution to Secondary Preferential Creditors.

### 3.2.4. Prescribed Part

At the date of appointment, the LLP had no outstanding floating charge security and therefore the Prescribed Part will not apply in the Special Administration.

### 3.2.5. Unsecured Creditors

Unsecured Creditor claims are broadly split between:

- (i) Client shortfall claims, which may arise from any shortfall in Client Money or Custody Assets; and
- (ii) Unsecured creditors, which include the claims of Trade Creditors, and employees' non-preferential claims (to include the subrogated claim of the Redundancy Payments Service).

Based on the information presently available, unsecured claims from Trade Creditors (i.e. category (ii) above) may total £7,832,961. To date, the JSAs have received claims from Trade Creditors totalling £2,707,972.

At the current time, the JSAs are unable to provide an estimate of the total value of the claims of the LLP's Unsecured Creditors. The Client Assets shortfall claims (i.e. category (i) above), in particular, will not be quantified until such time as the Client Assets Claims have been formally agreed with Clients and all potential future recoveries have been accounted for.

Whilst the FSCS has confirmed it anticipates that compensation will be available for eligible Clients, thereby reducing Client Assets shortfall claims, it will, however, have a subrogated unsecured claim in respect of any compensated Clients.

## 4. INVESTIGATIONS

The JSAs are continuing to undertake their investigations into the affairs of the LLP and the conduct of the Designated Members.

As previously reported, the JSAs have complied with their reporting duties to the Department for Business and Trade in relation to the conduct of all Designated Members (and any de facto or shadow Designated Members) during the three years before the commencement of the Special Administration.

The JSAs are continuing to undertake other specific enquiries and investigations in relation to the LLP and its affairs. For reasons of legal professional privilege and to avoid any commercial prejudice in relation to any claims that the JSAs may identify against any third parties, the JSAs are unable to provide any further information in relation to those enquiries at this time. This is normal market practice and in the best interests of Clients and Creditors. The JSAs will, however, continue to liaise with the Committee in relation to these ongoing investigations.

Should any Clients or Creditors have any information relating to the affairs of the LLP and/or its Designated Members that might assist the JSAs with their investigations, they are requested to provide that information to the JSAs as soon as possible.

---

## 5. REMUNERATION AND EXPENSES OF THE SPECIAL ADMINISTRATION

### 5.1. Pre-Special Administration costs

The Proposals detailed unpaid pre-Special Administration costs and expenses totalling £193,973. Approval for these costs to be drawn by the JSAs (subject to Estate asset realisations being sufficient) is to be sought from the Committee in due course.

### 5.2. JSAs' remuneration

#### 5.2.1. Bases of the JSAs' remuneration

Pursuant to Rule 196 of the Rules, the basis of the JSAs' remuneration may be fixed:

- (i) as a percentage of the value of the property with which the JSAs have to deal;
- (ii) by reference to the time properly given by the insolvency practitioners (as Special Administrators) and their staff in attending to matters arising in the Special Administration;
- (iii) as a set amount; or
- (iv) as a combination of any one or more of the bases set out above.

#### 5.2.2. JSAs' time costs

Whilst the basis of the JSAs remuneration has yet to be fixed, the table below sets out the time costs incurred by the JSAs and their team in the Special Administration from the date of their appointment to 5 April 2024:

Type of cost	Hours	Time costs £	Av. Rate £
Objective One Costs	7,858.30	3,201,937.40	407.46
Objective Two and Three Costs	1,046.20	374,611.17	358.07
<b>Total</b>	<b>8,904.50</b>	<b>3,576,548.57</b>	<b>401.66</b>

A detailed report of the time incurred by the JSAs and a narrative of the work undertaken during the Period is attached at Appendix D.

#### 5.2.3. JSAs' expenses

The JSAs have incurred expenses totalling £2,475,537 (plus VAT) up to 5 April 2024, £1,492,01 (plus VAT) of which relate to legal fees and expenses (excluding pre-appointment costs). The expenses are apportioned as follows:

Type of Expense	Expenses Incurred £
Objective One Expenses	2,419,211.94
Objective Two and Three Expenses	56,352.08
<b>Total</b>	<b>2,475,564.02</b>

A schedule of all costs and expenses incurred by the JSAs can be found at Appendix E.

**5.2.4. Approval of pre-Special Administration costs, JSAs' remuneration and category 2 expenses**

The costs incurred in respect of the pursuit of Objective One will be applied against and paid out of Client Assets, albeit FSCS compensation is expected to be available for eligible Clients so that they will not suffer these deductions. Details regarding how these costs will be met will be included in the Distribution Plan.

The costs incurred in pursuit of Objectives Two and Three will be applied against, and paid out of, Estate Assets.

As the Committee has been established in this matter, it will be a role of the Committee to approve the JSAs' remuneration.

---

## 6. DURATION OF AND EXIT FROM THE SPECIAL ADMINISTRATION

### 6.1. Duration of the Special Administration

A Special Administration under the Regulations is different to an ordinary administration under the Act as it does not automatically come to an end after 12 months.

The Special Administration will continue until the JSAs consider that the Objectives have been met and, at that point, the JSAs will conclude the Special Administration by:

- (i) putting forward proposals for a Voluntary Arrangement with a view to rescuing the LLP as a going concern; or
- (ii) making an application to Court and seeking any order necessary (which could include seeking an order to place the LLP into liquidation); or
- (iii) filing a notice with the Court and Registrar of Companies for the LLP's dissolution.

At the current time, the JSAs remain unable to provide an indication of the likely timeframe for achieving the Objectives, and therefore the likely duration of the Special Administration. Clients and Creditors will receive updates on the JSAs' progress in achieving the Objectives as the Special Administration progresses.

The JSAs are also presently unable to confirm the appropriate exit route from the Special Administration. However, as the prospect of a rescue of the LLP as a going concern is considered, at best, remote, it is unlikely that the exit will be via a Voluntary Arrangement. Further information on the likely exit route will be provided to Clients and Creditors as the Special Administration progresses.

### 6.2. JSAs' discharge from liability

It is proposed that the JSAs be discharged from liability on application to the Court.

---

# APPENDIX A

## STATUTORY INFORMATION

### Information

Name	Wealthtek Limited Liability Partnership
Trading name(s)	WealthTek, Vertem Asset Management and Malloch Melville
Partnership registration number	OC355200
Registered office	C/O BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH
Designated members	John Edward Dance WealthTek Capital Limited
Court name and reference	High Court of Justice, Business and Property Courts of England and Wales court reference CR-2023-001772
Date of appointment	6 April 2023
Appointor	The High Court of Justice, Business and Property Courts of England & Wales, on application by the FCA
JSAs	Shane Crooks, Mark Shaw and Emma Sayers  Under the provisions of paragraph 100(2) of Schedule B1 to the Act (as applied by regulation 15 of the Regulations), the JSAs carry out their functions jointly and severally meaning any action can be done by one Special Administrator or by all of them.
JSAs' address	BDO LLP, 55 Baker Street, London W1U 7EU
Data Control and GDPR	Shane Crooks, Mark Shaw and Emma Sayers are authorised to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales in the UK. The Joint Special Administrators are Data Controllers as defined by the General Data Protection Regulations. BDO LLP will act as Data Processor on the instruction of the Data Controllers. Personal data will be kept secure and processed only for matters relating to the Special Administration of Wealthtek Limited Liability Partnership. Please see the privacy statement at <a href="https://www.bdo.co.uk/en-gb/privacy-notices/insolvencies">https://www.bdo.co.uk/en-gb/privacy-notices/insolvencies</a>

## APPENDIX B

### CLIENTS' AND CREDITORS' RIGHTS

Within 21 days of receipt of the report: (1) a Secured Creditor; (2) an Unsecured Creditor with the concurrence of at least 5% in value (including the creditor in question) of the Unsecured Creditors; or (3) a Client with the concurrence of Clients claiming for at least 5% in value of the Client Assets (including the Client in question); or (4) any Unsecured Creditor with the permission of the Court, may request in writing that the JSAs provide further information about their remuneration or expenses which are itemised in the Report.

Within 14 days of receipt of the request, the JSAs must provide all of the information asked for, unless they think that:

- the time or cost in preparing the information would be excessive; or
- disclosure of the information would be prejudicial to the conduct of the Special Administration or might reasonably be expected to lead to violence against any person; or
- the JSAs are subject to confidentiality obligations in respect of the information.

The JSAs must give reasons for not providing all of the requested information.

The following persons: (1) any Secured Creditor; (2) any Unsecured Creditor with either the concurrence of at least 10% in value of the Unsecured Creditors or the permission of the Court; (3) any Client with the concurrence of Clients representing at least 10% of the total claims in respect of Client Assets held by the LLP or with the permission of the Court; or (4) the FCA, may, within eight weeks of receipt of the Report, make an application to Court that the basis fixed for the JSAs' remuneration, the remuneration charged, or the expenses incurred by the JSAs, as set out in the Report, are excessive (or, in the case of the basis fixed, inappropriate).

Copies of BDO LLP's charging and expenses policy, 'A Creditors' Guide to Special Administrators' Fees' and information on the rights, duties and functions of a creditors' committee are available at <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/creditors-guides>.

Please note this guidance relates to insolvency processes under the Insolvency Act 1986, rather than the Regulations, but the contents remain relevant for these purposes.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency Practitioners. In the event that you make a complaint to us but are not satisfied with the response, then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

The JSAs are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this Special Administration. A copy of the code can be found at <https://www.icaew.com/technical/ethics/icaew-code-of-ethics/icaew-code-of-ethics>.

# APPENDIX C

## RECEIPTS AND PAYMENTS ACCOUNTS

**Wealthtek Limited Liability Partnership**  
**Trading As: WealthTek, Vertem Asset Management and Malloch Melville**  
**(In Investment Bank Special Administration)**

**Joint Special Administrators' Objective One Receipts & Payments Account**

	From 06/10/2023 To 05/04/2024 £	From 06/04/2023 To 05/04/2024 £
<b>OBJECTIVE ONE RECEIPTS</b>		
Repayable Loan Facility	299,998.36	850,000.00
Interest Gross	1,427.52	2,201.08
	<u>301,425.88</u>	<u>852,201.08</u>
<b>OBJECTIVE ONE PAYMENTS</b>		
Wages	70,045.54	145,334.04
PAYE/NIC	46,328.94	85,355.26
Pension Contributions	1,373.70	3,521.92
Membership Fees	-	251.00
Re-direction of mail	2,280.00	4,636.00
Consultancy Fees - IT Platform	277,473.40	417,962.76
Software Licences	7,523.39	7,523.39
Agents' Fees - Payroll	433.00	1,645.05
Agents' Fees - Employment Consultants	-	440.00
Appointment Fee - WealthTek Nominees Ltd	-	5,000.00
Legal Fees & Expenses	5,150.00	5,150.00
Travel & Accommodation	-	428.72
Books & Records Collection & Storage	1,137.20	2,326.05
Telephones	680.32	680.32
Statutory Advertising	4,319.08	4,414.08
Initial Meeting Room Hire	-	2,445.84
Printing & Postage	-	1,760.00
Website/Hosting Fees	280.55	765.55
Non-recoverable VAT	59,438.16	90,077.95
	<u>(476,463.28)</u>	<u>(779,717.93)</u>
<b>BALANCE IN HAND</b>		<u><u>72,483.15</u></u>

**Wealthtek Limited Liability Partnership**  
**Trading As: WealthTek, Vertem Asset Management and Malloch Melville**  
**(In Investment Bank Special Administration)**

**Joint Special Administrators' Estate Receipts & Payments Account**

<b>Estimated to realise £</b>		<b>From 06/10/2023 To 05/04/2024 £</b>	<b>From 06/04/2023 To 05/04/2024 £</b>
<b>ASSET REALISATIONS</b>			
36,947.00	Book Debts	-	34,500.00
65,724.00	Cash at Bank	-	66,443.42
20,770.00	Refund of Rent Deposit	-	51,921.39
	Interest Gross	1,411.42	2,401.33
		<u>1,411.42</u>	<u>155,266.14</u>
<b>COST OF REALISATIONS</b>			
	Agents' Fees - Employment Consultants	-	1,595.00
	Agents' Fees & Expenses - Property	2,049.32	2,799.32
	Data Protection Fee	-	40.00
	Statutory Advertising	-	95.00
	Non-recoverable VAT	409.86	897.86
		<u>(2,459.18)</u>	<u>(5,427.18)</u>
<b>BALANCE IN HAND</b>			<u><u>149,838.96</u></u>

# APPENDIX D

## SPECIAL ADMINISTRATION REMUNERATION AND EXPENSES

### JSAs' Time Costs

Time costs of £1,979,997 have been incurred during the Period and a breakdown is provided below, together with details of the work undertaken.

Activity	Partner	Director	Senior Manager	Manager	Senior Executive	Executive	Total hours	Time costs £	Av. Rate £
<b>Objective 1</b>									
<b>Client Assets</b>									
Steps on appointment	-	-	-	-	-	-	-	-	-
Planning and strategy	-	19.60	20.72	17.02	-	32.80	90.14	31,012.35	344.07
General administration	-	0.15	14.50	9.10	2.55	49.45	75.75	16,806.44	221.87
Taxation	-	-	-	0.30	-	-	0.30	80.01	-
Assets	-	-	-	-	-	-	-	-	-
<b>Investigations</b>									
Communications with clients	19.88	25.70	83.15	74.20	-	136.95	339.88	115,279.08	339.18
Securing Client Assets	-	-	1.65	-	-	3.35	5.00	1,441.30	430.24
Reconciliation of Client Assets	110.25	88.10	589.00	53.70	29.90	331.35	1,202.30	526,940.05	438.28
Liaising with lawyers and regulatory bodies	65.75	14.10	17.45	41.93	-	-	139.23	76,922.28	552.50
Funding	1.00	3.35	24.40	1.50	-	-	30.25	15,037.40	497.10
Other investigations	3.50	73.00	96.18	11.45	17.50	132.20	333.83	113,054.45	338.66
Preparation for and distributing client assets	65.30	651.65	710.40	447.75	12.50	427.30	2,314.90	964,458.81	416.63
<b>Total investigations</b>	<b>265.68</b>	<b>855.90</b>	<b>1,522.23</b>	<b>630.53</b>	<b>59.90</b>	<b>1,031.15</b>	<b>4,365.38</b>	<b>1,813,133.37</b>	<b>415.34</b>
Statutory reporting and decisions	3.25	6.30	27.58	14.13	-	5.78	57.03	24,203.22	424.43
Employees and pensions	-	-	-	-	-	-	-	-	-
Trading	-	-	-	-	-	-	-	-	-
Clients' and Creditors' Committee	16.00	17.28	4.32	25.68	-	-	63.28	32,426.30	512.43
<b>Total Objective 1</b>	<b>284.93</b>	<b>899.23</b>	<b>1,589.34</b>	<b>696.75</b>	<b>62.45</b>	<b>1,119.18</b>	<b>4,651.87</b>	<b>1,917,661.68</b>	<b>412.24</b>
<b>Objective 2</b>									
<b>Engagement with Regulatory Bodies</b>									
Financial Conduct Authority	0.38	4.60	1.80	0.13	-	-	6.90	3,865.21	560.18
Financial Services Compensation Scheme	-	-	-	-	-	-	-	-	-
London Stock Exchange	-	-	-	-	-	-	-	-	-
<b>Total Objective 2</b>	<b>0.38</b>	<b>4.60</b>	<b>1.80</b>	<b>0.13</b>	<b>-</b>	<b>-</b>	<b>6.90</b>	<b>3,865.21</b>	<b>560.18</b>
<b>Objective 3</b>									
<b>Estate</b>									
Steps on appointment	-	-	-	-	-	-	-	-	-
Planning and strategy	-	4.90	6.08	4.99	-	8.20	24.17	8,438.25	349.19
General administration	2.00	0.40	5.00	13.30	0.60	20.70	42.00	9,833.71	234.14
Assets	-	0.50	0.15	0.40	-	1.55	2.60	728.74	280.28
Investigations	-	0.80	1.03	0.10	-	-	1.93	991.66	515.15
Statutory reporting and decisions	3.25	6.30	27.58	14.13	-	5.78	57.03	24,203.22	424.43
Employees and pensions	-	4.40	1.30	2.15	-	-	7.85	3,883.74	494.74
Creditors	-	0.50	1.25	2.60	-	1.25	5.60	1,717.52	306.70
Post appointment taxation	-	0.25	0.10	0.40	-	0.75	1.50	469.53	313.02
Trading	-	-	0.20	-	-	-	0.20	97.16	485.80
Clients' and Creditors' Committee	4.00	4.32	1.08	6.42	-	-	15.82	8,106.57	512.43
<b>Total Objective 3</b>	<b>9.25</b>	<b>22.37</b>	<b>43.76</b>	<b>44.48</b>	<b>0.60</b>	<b>38.23</b>	<b>158.69</b>	<b>58,470.08</b>	<b>368.47</b>
<b>Grand total</b>	<b>294.55</b>	<b>926.20</b>	<b>1,634.90</b>	<b>741.35</b>	<b>63.05</b>	<b>1,157.40</b>	<b>4,817.45</b>	<b>1,979,996.97</b>	<b>411.01</b>

Total time costs of £3,576,549 have been incurred over the course of the Special Administration to 5 April 2024, as detailed below.

Activity	Partner	Director	Senior Manager	Manager	Senior Executive	Executive	Total hours	Time costs £	Av. Rate £
<b>Objective 1</b>									
<b>Client Assets</b>									
Steps on appointment	0.63	19.93	56.53	3.93	-	28.15	109.15	33,932.67	310.90
Planning and strategy	10.50	67.48	47.57	48.48	-	56.49	230.51	86,546.30	375.46
General administration	-	1.35	19.28	23.09	2.65	63.00	109.36	25,476.48	232.96
Taxation	-	1.75	-	1.25	-	-	3.00	1,300.78	433.59
Assets	-	0.75	-	4.70	-	4.58	10.03	2,383.26	237.73
<b>Investigations</b>									
Communications with clients	38.63	74.45	182.65	259.95	-	308.60	864.28	269,804.78	312.17
Securing Client Assets	3.50	-	2.05	-	-	7.85	13.40	4,740.61	353.78
Reconciliation of Client Assets	159.00	206.25	953.56	117.85	57.15	421.10	1,914.91	823,466.98	430.03
Liaising with lawyers and regulatory bodies	122.75	34.53	28.80	50.88	-	-	236.95	134,650.06	568.26
Funding	13.25	19.55	43.05	12.35	-	-	88.20	43,886.68	497.58
Other investigations	68.75	263.75	609.50	231.13	17.50	286.10	1,476.73	596,775.99	404.12
Preparation for and distributing client assets	65.30	664.40	731.60	457.25	12.50	427.30	2,358.35	985,572.77	417.91
Total investigations	265.68	855.90	1,522.23	630.53	59.90	1,031.15	6,952.81	2,858,897.86	411.19
Statutory reporting and decisions	21.25	66.50	87.58	66.18	-	30.73	272.23	110,719.51	406.72
Employees and pensions	-	22.33	3.73	2.30	-	-	28.35	14,402.66	508.03
Trading	0.50	12.00	0.40	0.10	-	-	13.00	7,027.79	540.60
Clients' and Creditors' Committee	25.60	40.88	4.88	54.12	-	4.40	129.88	61,250.11	471.59
<b>Total Objective 1</b>	<b>324.15</b>	<b>1,088.86</b>	<b>1,742.17</b>	<b>834.66</b>	<b>62.55</b>	<b>1,218.48</b>	<b>7,858.30</b>	<b>3,201,937.40</b>	<b>407.46</b>
<b>Objective 2</b>									
<b>Engagement with Regulatory Bodies</b>									
Financial Conduct Authority	11.63	54.45	12.05	16.73	-	20.75	115.60	51,932.84	449.25
Financial Services Compensation Scheme	2.75	19.70	1.35	14.85	-	-	38.65	17,608.15	455.58
London Stock Exchange	1.25	2.00	-	-	-	-	3.25	1,885.80	580.25
<b>Total Objective 2</b>	<b>15.63</b>	<b>76.15</b>	<b>13.40</b>	<b>31.58</b>	<b>-</b>	<b>20.75</b>	<b>157.50</b>	<b>71,426.79</b>	<b>453.50</b>
<b>Objective 3</b>									
<b>Estate</b>									
Steps on appointment	0.63	19.48	23.13	5.53	-	30.71	79.46	24,346.32	306.42
Planning and strategy	2.25	22.87	18.24	21.23	-	17.32	81.90	30,054.49	366.99
General administration	4.15	10.40	12.88	27.52	29.40	114.25	198.59	34,343.28	172.94
Assets	0.25	33.05	13.10	5.05	-	4.13	55.58	26,571.58	478.12
Investigations	1.25	6.18	30.69	7.88	-	19.70	65.69	15,927.23	242.46
Statutory reporting and decisions	21.25	66.50	86.68	66.18	-	30.73	271.33	110,314.42	406.58
Employees and pensions	-	33.23	2.58	4.55	-	2.25	42.60	20,862.85	489.74
Creditors	-	1.10	4.45	11.25	-	9.40	26.20	6,239.73	238.16
Post appointment taxation	1.00	11.75	0.20	0.75	-	1.05	14.75	8,000.06	542.38
Trading	3.75	16.00	0.20	0.20	-	-	20.15	11,211.90	556.42
Clients' and Creditors' Committee	6.40	10.22	1.22	13.53	-	1.10	32.47	15,312.53	471.59
<b>Total Objective 3</b>	<b>40.93</b>	<b>230.77</b>	<b>193.35</b>	<b>163.65</b>	<b>29.40</b>	<b>230.62</b>	<b>888.70</b>	<b>303,184.38</b>	<b>341.15</b>
<b>Grand total</b>	<b>380.70</b>	<b>1,395.78</b>	<b>1,948.92</b>	<b>1,029.88</b>	<b>91.95</b>	<b>1,469.85</b>	<b>8,904.50</b>	<b>3,576,548.57</b>	<b>401.66</b>

The current charge out rates per hour of staff within BDO LLP who may be involved in working on the Special Administration are set out below. It was agreed with the FCA prior to the JSAs' appointment that the charge out rates applying to this assignment would be at a 30% discount to the JSAs' standard charge out rates at any point in time. The JSAs' discounted rates from 3 July 2023 are as follows:

Grade	Discounted Rate £
Partner	483 - 846
Director	220 - 730
Senior Manager	182 - 547
Manager	100 - 444
Senior Executive	65 - 280
Executive	49 - 280

## Summary of the work undertaken by the JSAs during the Period

### Objective 1: Client Assets

---

#### Planning and strategy

- Routine review of case including review of progress against Objectives
- Monitoring and reviewing the return of Client Assets strategy, including internal and external meetings
- Regular internal strategy and planning meetings to ensure information is centralised and investigations progressed efficiently
- Preparation and review of strategy documents

#### General administration

- Administrative tasks in relation to the processing of unit trust confirmations received in the post
- Administrative tasks in relation to hard copy letters received from Clients
- Ongoing maintenance and reconciliation of three separate bank accounts dedicated to: i) Objective One receipts and payments; ii) client monies' receipts; and iii) post-appointment receipts
- Processing receipts and payments into and out of the above accounts (i.e. payment of the Special Administration expenses);
- Updating website notices
- Dealing with website domains

#### Assets

- Ongoing correspondence with custodians regarding Client Assets
- Ongoing correspondence with Barclays and CACEIS
- Obtaining information from identified custodians
- Making enquires of the LLP's retained employees regarding Client Assets positions

#### Investigations

##### *Communications with Clients*

- Telephone conversations with Clients
- Extensive email correspondence with Clients
- Liaising with Clients suffering from severe financial hardship
- Maintaining Client communication logs
- Updating website notices and publishing updates and notices to the JSAs' portal

##### *Securing Client Assets*

- Protecting and safeguarding Client Assets
  - Cataloguing and scheduling the LLP's hard copy records, including physical share certificates held by the LLP
  - Liaising with the retained employees in relation to Client Assets
-

### *Reconciliation of Client Assets*

- Undertaking work on the Client Assets Reconciliation
- Investigations with potential custodians
- Review of the LLP's records to inform lines of enquiry
- Obtaining unit trust confirmations
- Engaging and negotiating with the Platform developers
- Reviewing and scanning physical share certificates held by the LLP and making enquiries in relation to the same
- Undertaking a legal analysis of the physical share certificates and considering potential outcomes
- Internal discussions and preparing for post-appointment Client Money reconciliation
- Undertaking routine reconciliations on the Custody Assets held
- Undertaking daily reconciliations of Client Money and post-appointment receipts and corporate actions
- Liaising with the retained employees regarding client positions

### *Liaising with lawyers and regulatory bodies*

- Engaging NRF in respect of all legal issues arising in the Special Administration. In particular, liaising with NRF on the development and drafting of the Distribution Plan, Explanatory Statement, FAQs and associated documents (including the Bar Date Notice and Client Assets Claim process), and drafting the Court application and supporting witness statement
- Engaging legal counsel to advise on numerous issues arising in the Special Administration, in particular with regard to the development of the Distribution Plan and Court application
- Liaising with the FCA regarding the JSAs' ongoing investigations and providing regular updates on the progress of the Client Assets Reconciliation and Distribution Plan
- Liaising with the FSCS regarding the assessment of cover, particular Client enquiries and Clients suffering from severe financial hardship
- Liaising with the FSCS regarding the Client Assets Reconciliation and Distribution Plan, and mechanism for facilitating payment of compensation to Clients

### *Funding*

- Preparing cost reconciliations and cash flow forecasts
- Meeting ongoing reporting requirements to the Funder including the provision of monthly cash flow forecasts. Liaising with the Funder on an ad hoc basis as required

### *Other investigations*

- Undertaking work on a funds flow analysis
  - Reviewing the LLP's bank statements, tracing funds and making enquiries in relation to transactions of interest
  - Investigating dividends received by Clients following the sale of shares
  - Communication and meetings with Intermediaries
  - Investigations into dissipated assets and asset shortfalls
  - Investigations into the ownership and validity of physical share certificates
-

- Seeking assistance from the retained employees to aid investigations

#### *Preparing for and distributing Client Assets*

- Considering the practicalities of transferring Client Assets to the Nominated Broker
- Considering the potential costs of distributing Client Assets
- Preparation of the Distribution Plan, associated documents and supporting witness statement
- Preparing the Client Assets Statements in respect of each Client account
- Preparing explanatory documentation, including the 'Client Assets Statement FAQs and Flowchart' to assist Clients' understanding of the Client Assets Statements
- Contacting each Client providing them with communication options, specifically whether or not they wanted an individual client portal or hard copy documents
- Setting up 1,089 individual client portals and provided log in instructions and a user guide to all relevant Clients
- Issuing Client Assets Statements to all Clients via either their individual client portal or in hard copy
- Creating and issuing an electronic and hard copy Client Assets Claim Form, providing an efficient and effective way for each Client to agree or disagree the claims to Client Assets as set out in their Client Assets Statements
- Dealing with all enquiries received from Clients in relation to their Client Assets Statements or Client Assets Claim Forms
- Investigating and, where possible, resolving the disagreed Client Assets positions
- Carrying out a process of identifying potential Nominated Brokers in relation to the transfer of Client Assets as part of the Distribution Plan. Liaising with potential parties and providing relevant information (under non-disclosure agreements)
- Considering proposals received from potential Nominated Brokers and identifying a preferred candidate to take the role, and continuing to progress the migration plan and formal transfer documentation
- Discussions with HMRC to determine whether any general tax guidance can be provided to Clients
- Instructing and liaising with the retained employees regarding the issues arising

#### **Statutory reporting and decisions**

- Preparation of the periodic progress reports

#### **Employees and pensions**

- Dealing with the retained employees
- Maintaining monthly payroll and pension reporting/contribution obligations
- Liaising with the payroll agent

#### **Trading**

- Preparing and updating cash reconciliations and cash flow forecasts for the Funder
- Liaising with software providers regarding the provision of continued services

#### **Clients' and Creditors' Committee**

- Preparing for and convening meetings of the Committee
-

- Drafting and issuing the minutes of the meetings of the Committee
- Frequent ongoing correspondence and communication with Committee members
- Seeking the Committee's comments on the Distribution Plan and Explanatory Statement

## **Objective 2: Engagement with market infrastructure bodies and the Authorities**

---

- Liaising with the FCA, including regular calls to discuss the progress of the Special Administration and dealing with ad hoc queries and issues
- Liaising with the FSCS, including regular calls to discuss the progress of the Special Administration and dealing with ad hoc queries and issues
- Correspondence with LSE regarding outstanding trades

## **Objective 3: Estate**

---

### **Planning and strategy**

- Case reviews
- Internal strategy and planning meetings to review progress
- Preparation and review of strategy documents including estimated outcome statements

### **General administration**

- Monitoring and reconciliation of the Special Administration bank account and other cashiering functions
- Arranging the renewals of the redirection of the LLP's mail
- Dealing with queries from various stakeholders
- Dealing with press enquiries and PR matters
- Dealing with website domains
- Internal file reviews

### **Investigations**

- Writing to the LLP's bankers and obtaining copies of all bank statements for the three years preceding the Special Administration
- Reviewing the pre-Special Administration bank statements
- Liaising with third parties concerning the LLP's affairs
- Dealing with third parties concerning potential assets

### **Statutory reporting and decisions**

- Preparation of the 6-month progress report
- Preparing for the drafting of this Report

### **Creditors**

- Collating Creditor details and outstanding balances from the LLP's accounts
  - Processing of Creditors' claim forms and entering onto IPS
-

- Dealing with Creditor enquiries
- Correspondence and telephone calls with Creditors
- Liaising with the LSE regarding its status as an Unsecured Creditor of the LLP in respect of unpaid fees

#### **Post-appointment taxation**

- Collating information from the LLP's records regarding its tax affairs
- Preparation of Employer's Payslip to account for PAYE/NIC

#### **Committee**

- Preparing for and convening the meetings of the Committee
  - Drafting and issuing the minutes of the meetings of the Committee
-

# Appendix E

## JSAs' EXPENSES

Category 1 expenses are expenses relating directly to the case by an independent third party. In addition to professional fees and expenses, other expenses may include items such as bonding, advertising, insurance, external printing costs, couriers, travel, land registry searches, fees in respect of swearing legal documents and storage of the LLP's records. Printing and postage of circulars may be sub-contracted to external printers who have the capacity to deal with large circulars to a volume of creditors in a timely manner. Client/Creditor approval is not required to pay these expenses which will be charged to the case at cost.

The JSAs' expenses incurred and paid are detailed below.

Objective One Expenses	Incurred 06/10/2023 to 05/04/2024 (£)	Total Incurred 06/04/2023 to 05/04/2024 (£)	Total Paid 06/04/2023 to 05/04/2024 (£)
<b>Category 1</b>			
Agents' Fees - Payroll <sup>1</sup>	433.00	1,645.05	1,645.05
Agents' Fees - Employment Consultants	-	440.00	440.00
Appointment Fee - WealthTek Nominees Limited	-	5,000.00	5,000.00
Books & Records Collection & Storage <sup>2</sup>	1,137.20	2,326.05	2,326.05
Consultancy Fees - IT Platform	277,473.40	417,962.76	417,962.76
Funding - Initial Arrangement Fee <sup>2</sup>	-	60,000.00	-
Funding - Additional Arrangement Fee	80,000.00	80,000.00	-
Funding - Interest Incurred	56,414.00	76,088.00	-
Funding - Funder Costs (including Legal fees) <sup>2</sup>	-	6,000.00	-
Initial Meeting Room Hire	-	2,445.84	2,445.84
IT Equipment	-	547.55	-
Legal Fees and Expenses <sup>4</sup>	922,230.99	1,440,632.04	5,150.00
Membership Fees	-	251.00	251.00
PAYE/NIC	40,127.67	85,355.26	85,355.26
Pension Contributions	1,373.70	3,521.92	3,521.92
Printing & Postage	-	1,760.00	1,760.00
Re-direction of Mail	2,280.00	4,636.00	4,636.00
Software Licences <sup>5</sup>	7,523.39	7,523.39	7,523.39
Statutory Advertising	4,319.08	4,414.08	4,414.08
Subsistence	-	249.43	-
Telephones	680.32	680.32	680.32
Travel & Accommodation	-	6,837.18	428.72
Wages	70,045.54	145,334.04	145,334.04
Website/hosting Fees <sup>6</sup>	280.55	765.55	765.55
<b>Category 2</b>			
Mileage	-	289.94	-
Software Licences and Data Hosting Fees <sup>7</sup>	64,506.54	64,506.54	-
<b>Total</b>	<b>1,528,825.38</b>	<b>2,419,211.94</b>	<b>689,639.98</b>

1. Nagler Simmons continued to be instructed throughout the Period to assist with all payroll matters. Nagler Simmons was selected due to its relevant knowledge and expertise.
2. The funder (HUK 126 Limited) provided funding of the Special administration Objective One costs during Special Administration and the fees associated with this included, an initial arrangement fee, an additional arrangement fee, costs including legal fees, and interest accrued. The initial arrangement fee, costs and interest accrued were omitted from the previous report but have now been included above.
3. D.Collard Limited (t/a Quicksilver) continues to be instructed throughout the Period to store the LLP's hard copy records. During the Period, the LLP's hard copy records were delivered to the JSAs' offices for further review and cataloguing. The records were then collected and stored by Total Data Management Limited. D.Collard Limited and Total Data Management Limited are both specialist storage firms.
4. NRF continued to be instructed throughout the Period to advise the JSAs on the various matters arising in the Special Administration. NRF was selected due to its relevant knowledge and expertise. Included within this sum are amounts due to counsel.
5. During the Period, ICE Data Services Europe Limited and Unite Communications Limited were both engaged in relation to software licenses.
6. Unite Communications Limited was also instructed in relation to the annual domain renewals of the [www.wealthtek.co.uk](http://www.wealthtek.co.uk) and eight other "wealthtek" domains e.g. "wealthtek.org" and "wealthtek.online".
7. During the Period, the JSAs incurred fees in relation to software and data hosting services supplied to BDO LLP by Relativity. The cost incurred relates solely to the processing and hosting of the LLP's data. Relativity was selected due to its suitability for the JSAs' requirements in relation to data hosting and investigations.

The other expenses shown are self-explanatory.

Estate Expenses	Incurred 06/10/2023 to 05/04/2024 (£)	Total Incurred 06/04/2023 to 05/04/2024 (£)	Total Paid 06/04/2023 to 05/04/2024 (£)
<b>Category 1</b>			
Agents' Fees & Expenses - Employment Consultants	-	1,595.00	1,595.00
Agents' Fees & Expenses - Property <sup>1</sup>	-	2,799.32	2,799.32
Data Protection Fee	-	40.00	40.00
Land Registry Fees	103.00	118.00	-
Legal Fees and Expenses	6,486.75	51,379.75	-
Project Fee (KYC)	-	125.00	-
Specific Penalty Bond	-	200.01	-
Statutory Advertising	-	95.00	95.00
<b>Total</b>	<b>6,589.75</b>	<b>56,352.08</b>	<b>4,529.32</b>

1. Sanderson Weatherall LLP was instructed to provide an inventory and valuation of the LLP's chattel assets and provide advice in respect of, and oversee, an appropriate disposal strategy. Sanderson Weatherall LLP was also instructed to provide a valuation on the lease to the Premises, and to provide advice regarding the disposal strategy. Sanderson Weatherall LLP was selected due to its knowledge and expertise. It was previously estimated that costs of £5,250 had been incurred. However, the actual amount incurred was £2,799, as shown above.

The other expenses shown are self-explanatory.

---

# Appendix F

## CREDITOR CLAIM FORM

---

# PROOF OF DEBT FORM

Wealthtek Limited Liability Partnership trading as: WealthTek, Vertem Asset Management and Malloch Melville - In Investment Bank Special Administration

Partnership registration number: OC355200

Date the Limited Liability Partnership entered Special Administration: 6 April 2023

Name of Creditor <i>(If a company please also give company registration number and where registered)</i>	
Address of Creditor <i>including email address for correspondence</i>	
Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the Limited Liability Partnership entered Special Administration.  <i>Note: Any trade or other discounts (except discount for immediate or early settlement) which would have been available to the Limited Liability Partnership but for the insolvency proceedings should be deducted from the above claim where relevant. Where any payment is made in relation to the claim or set-off applied after date of Special Administration, this should be deducted.</i>	£
If amount in 3 above includes outstanding uncapitalised interest please state amount.	£
Particulars of how and when debt incurred <i>(If you need more space append a continuation sheet to this form).</i>	
Particulars of any security held, the value of the security, and the date it was given.	
Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
Details of attached documents by reference to which the debt can be substantiated.	
Signature of creditor or person authorised to act on his behalf	
Name (BLOCK CAPITALS)	
Dated	
Position with or in relation to creditor	
Address of person signing <i>(if different from 2 above)</i>	

Please complete and return this form to Hannah Marnell, Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH or by email to [BRCMTLondonandSouthEast@bdo.co.uk](mailto:BRCMTLondonandSouthEast@bdo.co.uk).

