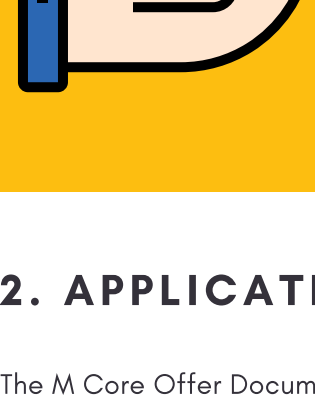


# The Official Mayfair 101 Story

AN EXPLANATION OF HOW ASIC'S MISGUIDED ACTION AND COMPULSION TO LITIGATE HAS CAUSED OVER \$250 MILLION WORTH OF DAMAGE TO MAYFAIR 101 AND ITS 570+ INVESTORS

## How the M Core product was secured



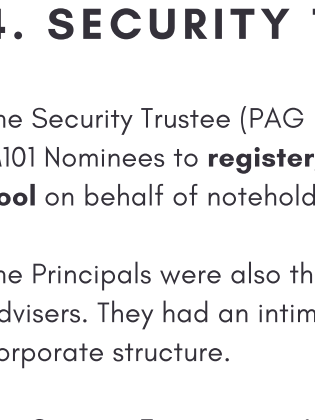
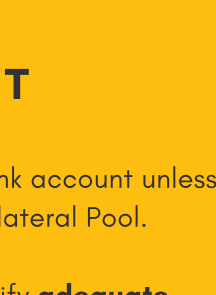
### 1. COLLATERAL POOL

A Collateral Pool was established to secure the M Core notes, a new wholesale-only product offering from Mayfair 101 in October 2019.

Compliant collateral included first-ranking charges over **cash, real estate, and other Mayfair 101 Group assets** capable of being registered on the PPSR (Personal Property Security Register).

### 2. APPLICATION OF FUNDS

The M Core Offer Document and Security Trust Deed disclosed funds could be used for "investment" and "capital management" purposes, providing adequate security existed in the Collateral Pool.



### 3. SECURITY REQUIREMENT

No funds could leave the M101 Nominees Pty Ltd bank account unless at least **dollar-for-dollar security existed** in the Collateral Pool.

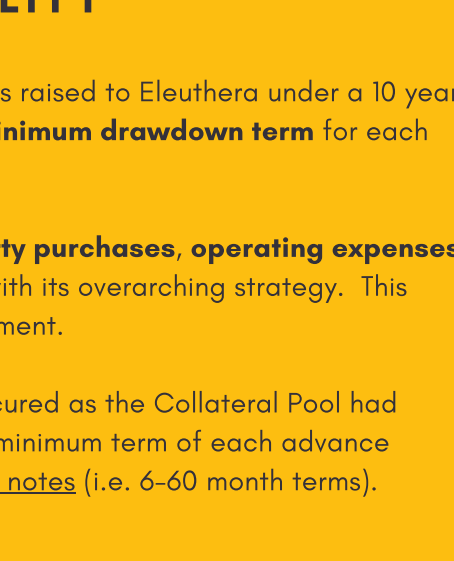
The Security Trustee provided regular reports to verify **adequate security existed**, enabling the funds to be compliantly deployed.

### 4. SECURITY TRUSTEE

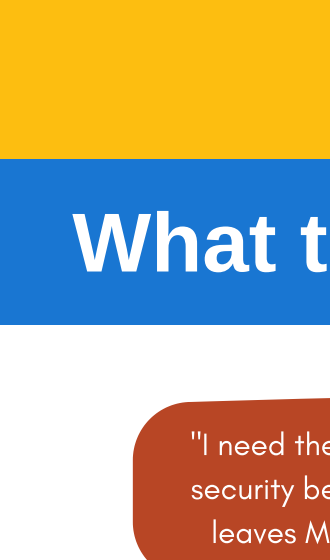
The Security Trustee (PAG Holdings (Aust) Pty Ltd was appointed by M101 Nominees to **register, manage and oversee the Collateral Pool** on behalf of noteholders.

The Principals were also the Group's accounting, tax & legal advisers. They had an intimate knowledge of the Group's assets and corporate structure.

The Security Trustee **consistently verified the dollar-for-dollar requirement had been met** in their reports.



### 5. ELEUTHERA FACILITY

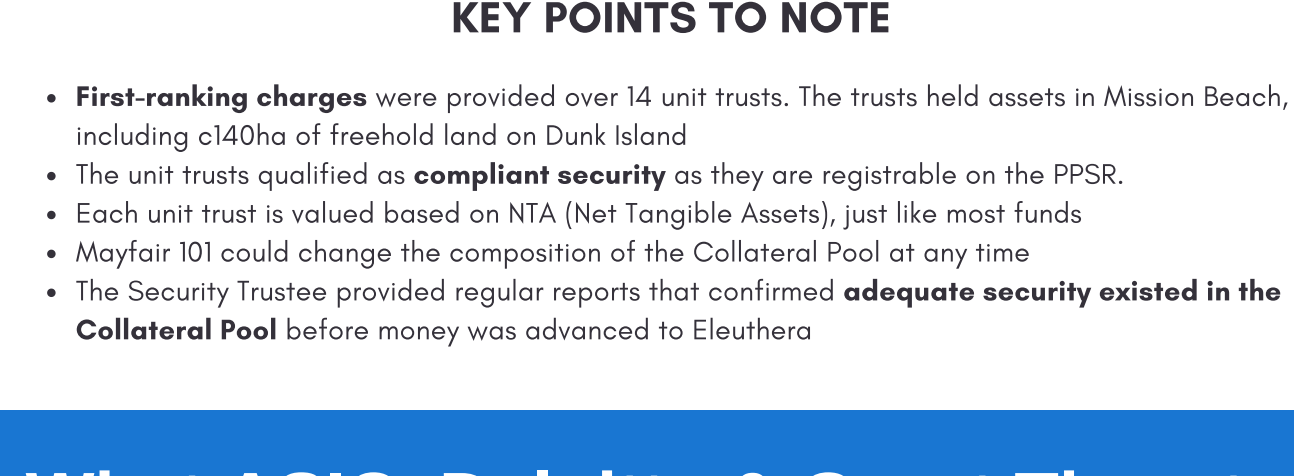


M101 Nominees chose to advance funds raised to Eleuthera under a 10 year Facility Agreement with a **12 month minimum drawdown term** for each loan advance.

Eleuthera used those funds for **property purchases, operating expenses** and make **other investments** in line with its overarching strategy. This complied with the M Core Offer Document.

The Facility was not required to be secured as the Collateral Pool had already been pledged. The 12 month minimum term of each advance aligned with the liquidity profile of the notes (i.e. 6-60 month terms).

## What this looks like in practice



### KEY POINTS TO NOTE

- **First-ranking charges** were provided over 14 unit trusts. The trusts held assets in Mission Beach, including c140ha of freehold land on Dunk Island
- The unit trusts qualified as **compliant security** as they are registrable on the PPSR.
- Each unit trust is valued based on NTA (Net Tangible Assets), just like most funds
- Mayfair 101 could change the composition of the Collateral Pool at any time
- The Security Trustee provided regular reports that confirmed **adequate security existed in the Collateral Pool** before money was advanced to Eleuthera

## What ASIC, Deloitte & Grant Thornton thought the security structure was

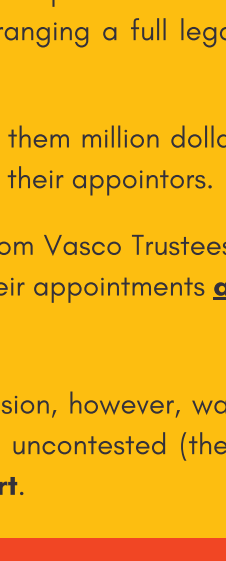
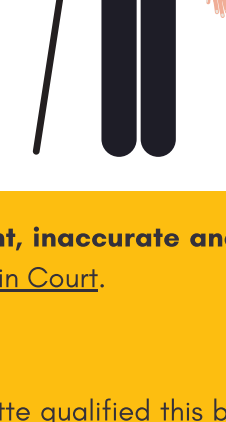


...but **nowhere** in the documentation did it describe the structure in this way!?! This **made-up structure was not what Mayfair 101's investors agreed to.**

## How did ASIC get it so wrong?

In prosecuting its cases against Mayfair 101, **ASIC relied on reports** published by Deloitte, Grant Thornton and Dye & Co which collectively allege:

- First-ranking mortgages had to be provided on all properties - **they did not.**
- M101 Nominees needed to hold security over any investment it made - **it did not.**
- The Eleuthera loan needed to be secured - **it did not.**
- M101 Nominees was insolvent since inception - **it was not.**
- The charges over the unit trusts were not first-ranking - **every charge was first-ranking.**
- The Eleuthera loan is the primary asset of M101 Nominees - **it was not.**
- The Collateral Pool had no or minimal value - **the Security Trustee confirmed it had the requisite value.**
- The 10 year Facility was a 10 year loan - **it was not.**
- A key group asset had been transferred to the British Virgin Islands to the detriment of investors - **this was never the case.**
- The books & records were a shambles - **they were not.**
- The application of funds to facilitate distributions and redemptions was prohibited - **this is incorrect.**
- The exclusion of property in security documents disadvantaged investors - **it did not.**



Once scrutinised against fact, **the reports of all 3 firms have been found to be deficient, inaccurate and therefore of limited use.** ASIC failed to validate and fact-check the reports they relied on in Court.

Neither firm sought to verify their assessment with Mayfair 101 prior to publishing the reports.

The Deloitte Report described a 'made-up' security structure that wasn't in existence. Deloitte qualified this by saying **in 9 instances** in the report that a "full legal review" was needed. Despite not arranging a full legal review, **ASIC relied heavily on the false statements** in this report to prosecute their case.

Grant Thornton and Dye & Co were **commercially motivated** to publish reports which got them million dollar plus appointments as liquidators and to make statements which supported the allegations of their appointors.

**Grant Thornton was provided no funding by ASIC.** Dye & Co was provided just \$100k from Vasco Trustees. Both firms were therefore incentivised to publish reports that justified the continuation of their appointments **at the expense of all Mayfair 101 investors.**

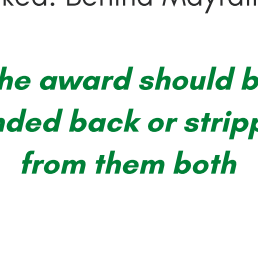
**ASIC relied heavily on the Court's judgment** in the IPO Wealth matter. The Court's decision, however, was based on inaccurate, flawed information published by Dye & Co that was allowed to go uncontested (they struck Mayfair 101's response out of the Court book). **No right of reply was afforded in Court.**

**ASIC has prosecuted its case against Mayfair 101 and Mr Mawhinney using false information published in reports it relied on from all three firms.**

## WHO ELSE DIDN'T DO THEIR HOMEWORK



Jonathan Shapiro



Liam Walsh

In September 2020 Walsh accepted a Clarion Award for his and Shapiro's journalism for their coverage in the AFR titled "Dunked: Behind Mayfair 101"

**The award should be handed back or stripped from them both**

Self-titled "**investigative journalists**" Jonathan Shapiro & Liam Walsh couldn't help but fill readers of the AFR with more fiction and less fact to justify their sham and Ponzi scheme theories.

Shapiro & Walsh, like ASIC, **focused on theories instead of facts, failed to accurately do their homework and relentlessly belittled Mayfair 101's investments**, including Accloud PLC - an Australian-founded company on the world-stage in London.

### 5 TELLING FACTS

1. Shapiro & Walsh have **never** interviewed James Mawhinney
2. Shapiro & Walsh have **never** set foot in a Mayfair 101 office
3. The AFR was the only major media outlet in Australia not to report on Mayfair 101's acquisition of Dunk Island
4. Despite both having an open invitation to Mission Beach, **neither has bothered** to visit
5. The AFR is widely recognised as being **ASIC's mouthpiece**

Mayfair 101 has lost Advisory Board members, staff, key suppliers and many investors directly as a result of the biased, offensive, derogatory, ill-researched and fact-less reporting that the AFR has sponsored and published.

For Shapiro & Walsh it seemed **winning awards for story-telling was more important than the truth.**

**The personal prejudices of Shapiro & Walsh, aided by the AFR, have devastated the lives & financial wellbeing of every single investor in Mayfair 101's products.**

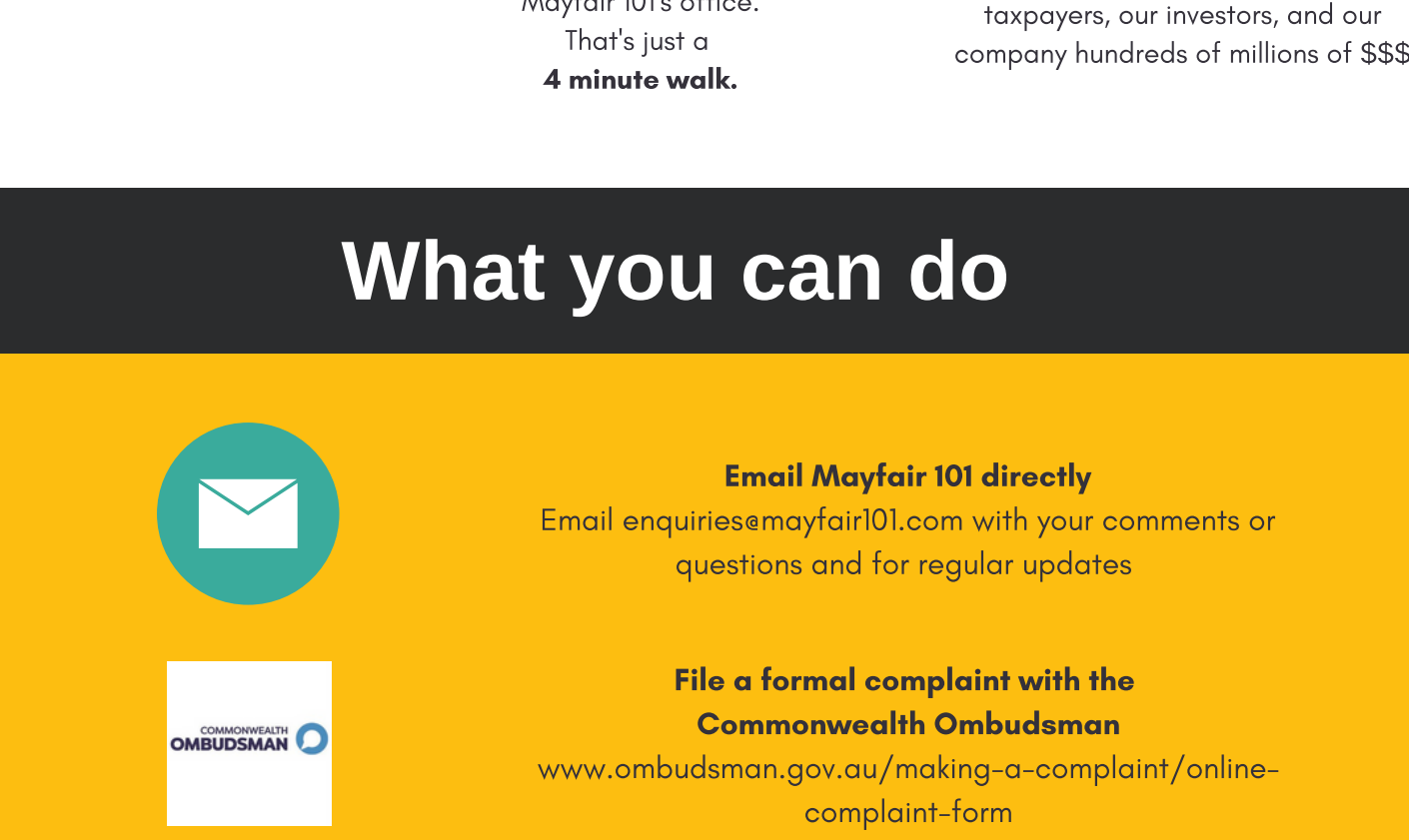
## The catastrophic impact

The impact of ASIC's misguided action and of those who supported them is **disastrous**. The damage toll so far includes:

- 570+ Australian investors who invested \$210m+ with Mayfair 101 are **facing financial ruin**
- An estimated **\$250m+ of value wiped** from the Mayfair 101 Group and its investments which underpinned investor capital
- Approx. 120 vendors in Mission Beach haven't had their properties settled, they have incurred unnecessary additional costs & have had their **living arrangements in turmoil for nearly 12 months**
- Mission Beach real estate **market has taken a serious hit**
- Dunk Island redevelopment plans have been de-railed - this iconic Australian asset **in desperate need of restoration**
- The **10,500+ jobs** Mayfair 101's investment in FNQ was set to create have vanished
- **Millions of dollars of legal fees** incurred unnecessarily, diminishing the likelihood and timing for returning investor capital
- **Millions of dollars of external administrator fees** incurred unnecessarily...a significant portion of which was incurred writing erroneous reports



## How this could have been avoided



ASIC's Melbourne office is 300 metres from Mayfair 101's office. That's just a **4 minute walk.**

In less than 15 minutes ASIC would have understood how the M Core notes operated and how our advertising was compliant, saving taxpayers, our investors, and our company hundreds of millions of \$\$\$

## What you can do



### Email Mayfair 101 directly

Email enquiries@mayfair101.com with your comments or questions and for regular updates



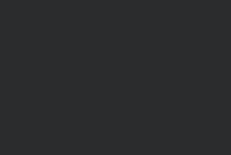
### File a formal complaint with the Commonwealth Ombudsman

www.ombudsman.gov.au/making-a-complaint/online-complaint-form



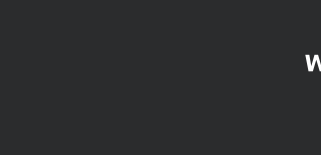
### File a formal complaint with ASIC

www.ombudsman.gov.au/making-a-complaint/online-complaint-form



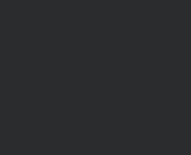
### Write to your local Member of Parliament

Request an investigation into ASIC's handling of its Mayfair 101 investigation



### Write a Letter to the Editor of your favourite publication to share your views

e.g. www.afr.com/contact-us/letters-to-the-editor or www.theaustralian.com.au/contact



### Write to the Media Entertainment & Arts Alliance (www.meaa.org)

or Write to the Australian Press Council (www.presscouncil.org.au)

Initiate or join a class action

There are potential causes of action against all the organisations and individuals mentioned in this document.

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