

17 July 2009

MELBOURNE

LEVEL 29 600 BOURKE STREET
MELBOURNE VIC 3000 AUSTRALIA
PO BOX 290 COLLINS STREET WEST
MELBOURNE VIC 8007
PHONE +61 3 9600 4922
FAX +61 3 9642 5887
EMAIL FHMELB@MELB.FH.COM.AU
WWW.FERRIERHODGSON.COM
DX 125 MELBOURNE

TO CREDITORS

Dear Sir/Madam

**RE: STEVE MADDEN (AUST) PTY LTD
(ADMINISTRATORS APPOINTED) (“THE COMPANY”)
ACN 108 240 302**

ADELAIDE
BRISBANE
NEWCASTLE
PERTH
SYDNEY
HONG KONG
JAKARTA
KUALA LUMPUR
MANILA
MUMBAI
SHANGHAI
SINGAPORE
TOKYO

John Lindholm and I were appointed Administrators of the Company pursuant to Section 436A of the Corporations Act 2001 (“the Act”) on 16 July 2009.

We now control the Company’s operations and are assessing the Company’s financial position. The Company’s director has been requested to prepare a statement about the Company’s business, property, affairs and financial circumstances as at the date of our appointment. We raise the following matters regarding the administration.

AFFILIATED THROUGH
ZOLFO COOPER
AND
KROLL WORLDWIDE
UNITED STATES
UNITED KINGDOM

1. FIRST MEETING OF CREDITORS

We are required to call a first meeting of creditors within eight business days of our appointment pursuant to Section 436E of the Act. The purpose of this meeting is to provide creditors with an opportunity to:-

- Appoint a Committee of Creditors; and
- Appoint an alternative Administrator, if they so desire.

In this regard, we enclose the following documents:

- (a) Notice of Meeting of Creditors.

Please note that the meeting commences at 11:00am. You should arrive for registration at least 15 minutes prior to the meeting.

- (b) Informal Claim Form for Voting Purposes.

*A person is not entitled to vote at the meeting unless they provide particulars of the debt or claim to the Administrators before the meeting. **Please note this form is for voting purposes only.** All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the Company or any lien over goods in their possession which are property of the Company.*

CORPORATE ADVISORY 
FORENSICS 
CORPORATE RECOVERY 

When replying please quote:

Our Ref: YD:A1/B9

C:\Users\instavrop\Desktop\pdf for SMA\lst creditors report- Steve Madden.doc

[Liability limited by a scheme approved under the Professional Standards Legislation](#)

[Ferrier Hodgson is an affiliation of independent partnerships](#)

- (c) Appointment of Proxy form. The form enables you to appoint a person to act on your behalf at the meeting.
- (d) A publication of the Insolvency Practitioners Association of Australia (“IPA”) and the Australian Securities and Investments Commission concerning insolvency information for directors, employees, creditors and shareholders.

The Informal Claim Form for Voting Purposes and Proxy form should be lodged with this office before the meeting and, in any event, no later than **4.00pm on the day prior to the meeting**. Forms can be sent by facsimile on (03) 9642 5887 marked to the attention of Mr Ben Kite or scanned and emailed to Ben.Kite@fh.com.au. However, Corporations Regulation 5.6.36A requires lodgement of the original of the Proxy form with the Administrators’ office within 72 hours of lodging the faxed copy.

2. DECLARATION BY ADMINISTRATORS

Pursuant to section 435DA(2) and (3) of the Act and the IPA Code of Professional Practice, we enclose the Administrators’ ‘Declaration of Independence, Relevant Relationships and Indemnities’.

3. TRADING

At this stage, the Administrators intend continuing the Company’s trading and draw your attention to the following.

3.1 Trading Accounts

The Act provides that the Administrators are personally liable for liabilities arising from services rendered, goods bought or property hired, leased, used or occupied during the administration. Please note that the Administrators do not accept liability for any goods purchased or services rendered without

- A purchase order authorised by one or more of the specified authorised signatories set out in the list accompanying this circular. Please note the authority limits; and
- A Tax Invoice. Where you do not provide a Tax Invoice, we are obliged by law to deduct 48.5% from any payment due and remit the amount to the Australian Taxation Office.

Please open a new account styled ‘Steve Madden (Aust) Pty Ltd (Administrators Appointed)’, addressed to the Company’s premises and charge future authorised orders to that account. Accounts will be paid in accordance with your usual terms of credit, or other credit terms agreed between you and the Administrators, provided the supply of goods or services has been properly authorised and the invoice value is the amount specified on the authorised order. Invoices submitted for amounts exceeding the authorised amount will only be paid to the amount authorised.

If there are any outstanding or unfulfilled orders placed by the Company prior to our appointment, including those under which there are goods in transit, please contact Mr Andrew Lawrie of this office to obtain written confirmation that the order should proceed.

You may be aware that payment of unsecured creditors' accounts as at 16 July 2009, is postponed pending the outcome of the second meeting of creditors (see section 6 below).

3.2 Consignment Stock, Retention of Title and Liens/Pledges

If you supplied consignment stock to the Company, or believe you provided stock subject to a 'Retention of Title' clause, please contact our office as a matter of urgency.

If you claim a lien/pledge over any of the Company's assets, you are asked to set out details of your claim in writing to the Administrators immediately.

3.3 Contracts/Agreements

The Administrators expressly refrain from personally adopting any of the Company's contracts existing at the date of their appointment. All contracts are currently under review. The Administrators will advise the status of contracts as soon as practicable; that is, whether or not they remain on foot.

With regard to the continuation of licences granted to the Company, the Administrators are currently reviewing such licence agreements and will contact the licensors shortly to confirm ongoing arrangements.

3.4 Property Used but Not Owned by the Company

In accordance with section 443B of the Act, the Administrators' liability under hire purchase or lease agreements does not commence until seven days after the Administrators' appointment. Further, pursuant to section 440C of the Act, the lessor or owner of property in the Company's control is not entitled to take possession of such property without leave of the Court or the Administrators' written consent.

We will write separately to known lease and hire purchase creditors regarding such assets. Please contact this office if you do not receive our letter.

4. LEGAL PROCEEDINGS

The appointment of Administrators stays a proceeding in a court against the Company. You cannot commence or continue a proceeding against the Company without our written consent or with the leave of the Court.

5. EMPLOYEES

We have written separately to employees regarding the appointment of Administrators.

6. REPORT TO CREDITORS AND SECOND MEETING OF CREDITORS

The Administrators will prepare a report to creditors under section 439A of the Act which will include details on the Company's business, property, affairs and financial circumstances.

A second meeting of creditors will be held on or before 20 August 2009 unless the Court extends this date. It is at this meeting that creditors will consider the Administrators' report and consider resolutions regarding the Company's future.

7. ADMINISTRATORS' REMUNERATION

For the purposes of the Company's administration, the Administrators intend that their remuneration be fixed on the basis of time spent by them, and their staff of an appropriate level having regard to the nature and complexity of the work, and calculated by reference to hourly rates. Enclosed for your information are the following:

- Statement regarding remuneration setting out the four basic methods of calculating remuneration together with an explanation as to why hourly rates are appropriate in this administration
- Schedule of Rates and General Guide to Staff Experience

The Administrators will provide creditors with a remuneration report pursuant to section 449E of the Act with the report to creditors referred to in section 6 above.

An information sheet concerning approval of remuneration in external administrations can be obtained from www.ipaa.com.au or through this office.

8. ELECTRONIC NOTIFICATION

You may elect to receive future correspondence from this office via email. Should you wish to do so, please email Ben.Kite@fh.com.au with the following information:

- The person to whom matters regarding the administration should be directed
- The full name of the entity
- The email address at which the creditor is to receive future correspondence

9. FURTHER INFORMATION

For further information concerning the Voluntary Administration process and Ferrier Hodgson, you may wish to visit our website at www.ferrierhodgson.com. Queries regarding the administration should be directed to Mr Ben Kite of this office.

Yours faithfully


JAMES STEWART
ADMINISTRATOR

Encl.

**STEVE MADDEN (AUST) PTY LTD
(ADMINISTRATORS APPOINTED) (“THE COMPANY”)
ACN 108 240 302**

STATEMENT REGARDING REMUNERATION

A. REMUNERATION METHODS

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

Time based/hourly rates

This is the most common method. The total fees charged is based on the hourly rate charged for each person who carries out the work multiplied by the number of hours spent by each person on each of task performed.

Fixed fee

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes, a practitioner will finalise an administration for a fixed fee.

Percentage

The total fee charged is based on a percentage of a particular variable such as the gross proceeds of asset realisations.

Contingency

The insolvency practitioner’s fee is contingent on achieving a particular outcome.

B. METHOD CHOSEN

Time based remuneration is appropriate in this administration given:

- It ensures creditors are only charged for work performed
- We are required to perform tasks unrelated to asset realisations; hence, fees solely based on asset realisation would be unrealistic
- We are unable to provide a reliable estimate of total fees to complete all tasks in the administration.

C. FEE ESTIMATE

We estimate fees for the administration of the Company's affairs at between \$300,000 and \$400,000. Please note this is an estimate only and may vary materially given the circumstances of the administration.

Dated this 17th day of July 2009


JAMES STEWART
ADMINISTRATOR

SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Classification	Rate (\$)	Experience
Partner/Appointee	595	The Partner/Appointee is a registered liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at www.ferrierhodgson.com
Director	500	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	445	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues.
Manager	370	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	315	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	280	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues.
Senior 2	250	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	220	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	185	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Senior Secretary	180	Appropriate skills including machine usage.
Junior/Filing	145	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

Notes:

1. The hourly rates are exclusive of GST.
2. The guide to staff experience is intended only as a general guide to the qualifications and experience of our staff engaged in the administration. Staff may be engaged under a classification that we consider appropriate for their experience.
3. Time is recorded and charged in six-minute increments.
4. Rates are subject to change from time to time. Disbursements are recovered on the following basis.

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Photocopying	30 cents a copy
Facsimile	\$1 per page
Company Search	At cost
File Set up	\$40
Advertising	At cost
Storage	At cost
Couriers	At cost

The Partners of Ferrier Hodgson Victoria are members of the Insolvency Practitioners Association and follow the IPA Code of Professional Practice

A copy of the IPA Code of Professional Practice may be found on the IPAA website at www.ipaa.com.au.

**FORM 529A
CORPORATIONS ACT 2001**

Paragraph 5.6.12(2)(aa)

**STEVE MADDEN (AUST) PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 108 240 302**

**IN TRANSFER PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 113 975 410**

(“THE COMPANIES”)

**NOTICE OF CONCURRENT FIRST MEETINGS OF
CREDITORS OF THE COMPANIES UNDER ADMINISTRATION**

1. Notice is given that on 28 July 2009, the Companies, under Section 436A, appointed James Henry Stewart and John Ross Lindholm of Ferrier Hodgson, Level 29, 600 Bourke Street, Melbourne, Victoria as the joint and several Administrators of the Companies.
2. Notice also is given that concurrent meetings of the creditors of the companies will be held at the Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne, Victoria on 28 July 2009 at 11:00am.
3. The purpose of the meeting is to determine:
 - 3.1 Whether to appoint a committee of creditors; and
 - 3.2 If so, who are to be the committee's members.
4. At the meeting, creditors may also, by resolution:
 - 4.1 Remove the Administrators from office; and
 - 4.2 Appoint someone else as Administrator of the company.

DATED this 17th day of July 2009


**JAMES STEWART
ADMINISTRATOR**

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

**STEVE MADDEN (AUST) PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 108 240 302**

Name of creditor:

Amount of debt claimed:

(see note)

Consideration for debt:

Whether debt secured or unsecured:

If secured, give details of security including dates, etc:

Balance, if any, after deducting value of security (see note):

.....
Creditor (or person authorised by creditor)

NOTE:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his claim has been admitted, wholly or in part, by the Administrator; or
- b. he has lodged with the Administrator particulars of the debt or claim, or if required, a formal proof of debt.

For the purposes of Part 5.3A, a secured creditor may vote (Regulation 5.6.24):

- a. for the whole of his debt without regard to the estimated value of his security.

Proxies must be made available to the Administrator.

**FORM 532
CORPORATIONS ACT 2001**

Regulation 5.6.29

**STEVE MADDEN (AUST) PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 108 240 302**

APPOINTMENT OF PROXY CREDITORS MEETING

I/Weⁱ

of

a creditor of Steve Madden (Aust) Pty Ltdⁱⁱ appoint

or in his absence

as *my/our *general/special proxy to vote at the meeting of creditors to be held on 28 July 2009, or at any adjournment of that meetingⁱⁱⁱ, to vote on each of the following kinds of resolution:

	For	Against	Abstain
a. that in the event that an Administrator is proposed, that the existing Administrators be replaced.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. that a committee of creditors be appointed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this day of July 2009

.....

Signature of Individual^v or person^{vi}
authorised by corporate resolution
to represent the corporation.

OR

The Common Seal^{iv} of

was hereunto affixed in the presence of:

.....
Director

.....
Secretary



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- INFO 41 *Insolvency: a glossary of terms*
- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*
- INFO 85 *Approving fees: a guide for creditors*

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the IPA website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

Important note: The information sheets contain a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.



**STEVE MADDEN (AUST) PTY LTD
(ADMINISTRATORS APPOINTED) ("THE COMPANY")
ACN 108 240 302**

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

Independence

We, James Henry Stewart and John Ross Lindholm have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Administrators of the Company. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

Relevant Relationships

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons why not an impediment or conflict
Brand Direct Group Pty Ltd (In Liquidation) ("BDG")	James Stewart and George Georges were appointed Administrators of BDG a related company of Steve Madden (Aust) Pty Ltd ("SM") on 30 March 2009 and subsequently as Liquidators on 13 May 2009. BDG and SM were both controlled by Tony Pistikakis prior to the appointment of Administrators.	James Stewart did not have any business or personal relationship with the Company's owners or officers prior to his appointment as Administrator of BDG. John Lindholm has not had any business or personal relationship with the Company's owners or officers. BDG is presently a debtor of SM however, BDG will not be paying a dividend to unsecured creditors.

There are no other prior professional or personal relationships that should be disclosed.

Prior Engagements with the Insolvent

Neither us, nor our firm, have undertaken any prior engagements for the Company.

Indemnities

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute.

Dated: 17 July 2009

JAMES STEWART
ADMINISTRATOR

JOHN LINDHOLM
ADMINISTRATOR

NOTE: *If circumstances change, or new information is identified, we are required under Section 436DA(5) of the Corporations Act 2001 and the IPA Code of Professional Practice to update this declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors.*