

# Tortious Interference and other matters relating to Worthington Group Plc et al 5th December 2016

A report commissioned by some of the main victims (“Injured Parties”) of the concerted attack on Worthington Group plc

THE PEOPLE, THE ISSUES, THE ALLEGATIONS AND THE FACTS. A GUIDE TO THE ISSUES AND THE PEOPLE BEHIND TWO YEARS OF ABUSE

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A report commissioned by some of the main victims (“Injured Parties”) of the concerted attack on Worthington Group plc

Worthington Group plc, a London main market listed company, is one of the principal victims of the Rangers saga due to its perceived association with Craig Whyte, one time substantial shareholder of Worthington and former chairman of Rangers who is currently facing criminal charges relating to his time at Rangers. This perceived connection with Craig Whyte damaged Worthington's own reputation and made it difficult to build a successful business. The new team headed by Doug Ware put in place a strategy to resolve this problem and to effect a successful turnaround. This included the purchase of various legal claims against various Rangers related parties.

However Worthington has since been the victim of a highly concerted, coordinated and destabilising campaign of highly damaging online smears by parties closely connected to Rangers, or in collusion with parties close to Rangers, and who falsely allege, amongst other things, that Craig Whyte is still involved with, indeed allegedly controls, Worthington. This relentless series of smears has also been highly damaging to every member of the Worthington team. The campaign has also included the hacking of confidential emails in early 2013 by William Stevenson, the purchase of those emails by the current Chairman of Rangers for £25,000 in late 2014, and the subsequent delivery of those emails to Tom Winniffrith in early 2015, who illegally published the stolen emails on his unregulated share tipping site, potentially as part of a campaign to undermine Worthington's legal claims against the various Rangers related parties.

The purpose of this report is to provide a briefing on the context and facts behind the concerted campaign against Worthington Group plc and many of its related persons.

## TABLE OF CONTENTS

<b><u>BACKGROUND</u></b>	<b>4</b>
WORTHINGTON STORY	4
CRAIG WHYTE CONNECTION	4
RESTRUCTURING OF WORTHINGTON	6
NUNA TRANSACTION	7
<b><u>CO-ORDINATED CAMPAIGN BY CERTAIN INDIVIDUALS</u></b>	<b>8</b>
<b><u>PRINCIPAL INJURED PARTIES</u></b>	<b>9</b>
ALLAN BIGGAR	9
JOHAN BRUYNEEL	10
DARREN CHAPMAN	10
AIDAN EARLEY	10
EQUITY MEDIA PARTNERS	11
ROSS IANNELLO	11
NUNA MINERALS	12
RICHARD SPURWAY	12
DOUG WARE	12
CHRIS WILLIAMS	12
DAVID WINDUSS	13
WORTHINGTON GROUP PLC	13
<b><u>MAIN INTERFERENTS</u></b>	<b>14</b>
TOM WINNIFRITH	14
SHAREPROPETS	16
PETER JAMES	16
DAVID KING	17
WILLIAM STEPHENSON	17
VARIOUS CHAT ROOM MEMBERS	17
ADVFN	17
<b><u>THE BIGGEST GROUP OF PERSONS PRINCIPALLY AFFECTED - ORDINARY SHAREHOLDERS AND THE PENSION FUND</u></b>	<b>18</b>
<b><u>DAMAGE TO DEALS AND OTHER PARTIES</u></b>	<b>18</b>
WORTHINGTON	18
EMP	19
NUNA	19

MISCELLANEOUS TRANSACTIONS	20
NAMED INVESTORS	20
<b><u>ABUSES AND ATTACKS</u></b>	<b>20</b>
THE HACKING	20
USING PAST FAILINGS TO ALLEGE CURRENT WRONG DOING	21
CONFLATING UNRELATED ITEMS TO GIVE AN IMPRESSION OF CURRENT WRONGDOING	21
FALSELY ASSERTING THAT ANY ASSOCIATION TO CRAIG WHYTE EQUALS FRAUD	21
FALSE ALLEGATION OF NUNA FRAUD BY POTENTIAL OFFER FOR WORTHINGTON PUBLIC INTEREST	21
<b><u>MANIFESTLY FALSE ALLEGATIONS BY WINNIFRITH EL AL</u></b>	<b>22</b>
<b><u>WHERE FROM HERE? LEGAL ROUTES TO REDRESS</u></b>	<b>23</b>
BREACH OF CONTRACT	24
TORTUOUS INTERFERENCE	24
RACKETEERING	25
DEFAMATION	26

## BACKGROUND

### 1. THE WORTHINGTON STORY

Worthington Group plc (“WRN” or “Worthington”) was incorporated in 1953 in Leicester as an operating textile company. It was admitted to trading on the London Stock Exchange Main Market in 1954. By 2005 it had disposed of its textile interests except for a small trimmings business and had become essentially an investment company. Along the way WRN had acquired staff and workers both for itself and through its subsidiaries. By late 2010, in keeping with many final salary scheme employers, its pension fund was in deficit due to the hangover from Jerome Group Plc’s Retirement Benefits Plan (“Jerome”), the pension fund of a previous acquisition, but for which Worthington became liable as principal employer. Had Worthington not dissolved its subsidiary, Jerome Group Plc, and accepted principal employer status, Worthington would not now be liable for Jerome’s Pension Fund.

### 2. THE CRAIG WHYTE AND RANGERS CONNECTION

In April 2010, Wulstan Earley’s company, Regenesi Holdings Ltd bought a shareholding in Worthington around the same time as Craig Whyte’s (“Whyte”) company Liberty Capital Ltd. Both were introduced to the opportunity by Aidan Earley (“AE”). WRN was at that time led by Joe Dwek, one of the North West’s best known businessmen. The Company was considered an attractive investment to AE because it was trading at substantial discount to its cash and property as well as its investment in Trimmings by Design, albeit having a pension deficit. There appeared to be a good opportunity to use the stock market quote to build WRN into a much bigger company. Later in 2010 Mr Dwek resigned as a director of Worthington and was replaced by Pete Townsend and Anthony Cook.

In mid-2010, Andrew Ellis introduced Rangers Football Club plc (“Rangers” or “the Club”) as a possible financing opportunity to London-based AIM-listed company, Merchant House Group plc, a company controlled by Whyte. In addition to the commercial opportunity, as a lifelong Rangers fan, Whyte was keen to pursue the acquisition of Rangers.

Whyte opened discussions with the management of Rangers and subsequently introduced AE to the transaction. Whyte convinced AE that he could get funding to buy out Lloyds Bank’s loan to Rangers but need £5m of working capital. At the time WRN’s pension fund had a substantial pension deficit and an idea emerged to solve that deficit by participating in funding the Rangers takeover on a fully secured basis with a sufficiently high secured interest rate to eliminate the pension deficit.

The plan was to provide £3m of the working capital to Rangers secured by a robust first charge over the almost £100m of audited gross assets owned by the Club and by assignment of the Lloyds debenture to the pension fund, providing that the interest and bullet payment eliminated the pension deficit.

The intended loan of £3m, plus the minimum expected profit for the Pension Fund of £3m on the transaction, would be covered many times over by the assets of the Club. Logic suggested that if Lloyds Banks had been happy to lend £26m on such security, then the position of the Pension Fund, in lending only £3m on the same first charge, would be much more secure; indeed, despite all the problems at Rangers subsequently, this premise has proven to be completely correct. Furthermore the Pension Fund's two trustees (both ex investment bankers one from Wells Fargo and one from Lombard) also took the advice of three independent barristers as well as commercial advice concluding the deal was an attractive proposition. At the time Rangers faced a large tax claim from HMRC which Rangers would struggle to pay if the tax tribunal decision went against them. Thus, in all the documentation related to the intended loan, a provision was included that the Pension Fund would have the right to roll the facility into any new or restructured Rangers. On that basis, the trustees were willing to proceed with the loan and deposited £3 million in escrow with Collyer Bristow to prove funds pending completion. In the event the loan did not complete because Rangers went into administration and the Pension Fund did not ultimately participate in the purchase from administration of the business and assets of the club.

As Whyte had provided £26 million of personal guarantees to help fund his takeover of the club and needed a way to salvage the situation, he consulted AE who introduced Imran Ahmed ("AI"), a venture capitalist with close links to Charles Green ("CG"), the former CEO of Sheffield United.

The deal was introduced and brokered by AE using Sevco 5088 Ltd as the bid vehicle. An auction process for the Club was conducted by Duff and Phelps and Sevco 5088 Ltd's bid was successful.

However, in contravention of their agreement with Whyte and Earley, Mr Green and Mr Ahmed illegally proceeded to switch the assets of Rangers out of Sevco 5088 Ltd into a new company Sevco Scotland Ltd, apparently with the complicity of Duff and Phelps. Mr Green then went on to transfer ownership of Sevco Scotland into a new holding company "The Rangers International Football Club Plc" and to float the company on the London Stock Exchange while denying any involvement from Whyte and stating that Sevco Scotland owned the assets of the Club. Mr Green subsequently resigned as a director when the truth emerged about Mr Whyte's involvement.

In relation to the £3m Jerome money, the funds remained in a solicitor's client account until it was recovered in full and with interest and costs by the Pension Fund trustee. The funds were never lost or misappropriated, despite false allegations to the contrary.

Whyte had by now been subject to litigation by Ticketus amid allegations of failure to declare that Mr Whyte had, several years previously, been disqualified as a director. The ultimate reputational damage was also reflected onto WRN following the insolvency of

Rangers and the actions against Mr Whyte, due to Mr Whyte's perceived involvement with Worthington.

Meanwhile Merchant House went into administration and Mr Whyte's company Liberty Capital Ltd also went into liquidation; this company had been the vehicle by which Mr Whyte held shares in WRN. The liquidation, and his subsequent personal bankruptcy, therefore terminated his interest in WRN.

In June 2012, Doug Ware ("DW") replaced Pete Townsend as a director of Worthington. AE was the person who introduced DW to WRN.

WRN's name continued to be associated with the Rangers story. WRN had initially found itself unable to get the administrators to release the money from the Jerome Pension Fund still held on deposit. So, to protect the interests of WRN, Doug Ware ("DW") agreed that Worthington should buy various Rangers related legal claims in respect of RFC 2012 Plc and Sevco Scotland Ltd. Mr Ware's view was the Company was already in the situation, whether it liked it or not, and a deal to acquire all these legal claims made sense. The sale by the liquidator of Liberty Capital's Worthington shares, along with Mr Whyte's personal bankruptcy, ended any link between Whyte and WRN. AE is a prosecution witness in the upcoming Rangers criminal case concerning Whyte.

### 3. THE RESTRUCTURING OF WORTHINGTON

WRN asked for trading in its shares to be suspended in September 2013. Before being able to complete unqualified audited accounts, Worthington needed to raise new money and establish a viable business plan that could overcome the problems created by its Rangers connection.

In mid-2014, the directors of WRN made progress refinancing the Company and recovering the pension fund monies. Accounts were brought up to date and money was raised to make new acquisitions. A property in Keighley was put up for sale to raise funds to maintain pension fund payments and an investment in Greenland rare earths was later agreed.

By August 2014 DW arranged for the audited accounts to be produced and identified two acquisition targets: the first, the rare-earth investment, and the second a portfolio of media businesses introduced by Allan Biggar ("AB"). On 29th August 2014, the UK Listing Authority ("UKLA") granted approval for Worthington to be restored to trading on the main market of the London Stock Exchange. Starting trading at 10p the shares rose on the back of buoyant investor sentiment to 30p and continued to rise to more than £2 per share, making it the highest rise of any UK stock in 2014. In September, the Company announced an intention to invest in a Nigerian oilfield introduced by a former Merchant House contact. The deal was subject to independent valuation and did not ultimately proceed due to a fundamental disagreement on price.

In late August/early September 2014, Worthington had agreed to provide a convertible loan to Greenland Rare Earth Projects Limited ("GREP") to fund that company's joint-venture with NunaMinerals A/S ("Nuna" or "NunaMinerals") to explore for rare earth minerals in Greenland.

Separately, because of the series of planned acquisitions by Worthington, the UKLA determined that these proposed acquisitions and investments were likely to result in a reverse takeover of Worthington (any acquisition that results in the company being more than twice its existing size, or results in the company being a fundamentally different business, is deemed to be a reverse takeover). Worthington shares would therefore need to be suspended and Worthington would need to reapply for listing on the London Stock Exchange. After further discussion with the UKLA it became clear that any application for relisting would need to be as an investment entity rather than as a commercial company. As Worthington's plans were to develop into a conglomerate rather than as an investment entity, Worthington looked at alternative avenues for listing its shares.

#### 4. THE NUNA TRANASCTION

At the same time, NunaMinerals the joint-venture partner with GREP had run into financial difficulties and needed refinancing. NunaMinerals was listed on the Copenhagen Stock Exchange that is part of the NASDAQ OMX Group, with an ability to dual list its shares on any other European exchange. Refinancing and merging with Nuna was therefore a potentially constructive means for Worthington and its shareholders to achieve a listing on a market that did not have the same reverse takeover restrictions that the London market had, whilst at the same time increasing Worthington's exposure to the attractive Greenland mining and exploration sector. Refinancing NunaMinerals would also help to protect Worthington's existing investment in GREP. Thus, there were compelling commercial reasons for trying to achieve such a successful refinancing and relisting. This effort has already cost approximately £1m in professional fees and other costs.

Despite this transaction being commercially reasonable and entirely legitimate (resulting in the repayment of NunaMinerals creditors and achieving a lifeboat for NunaMinerals shareholders), this effort has been subjected to a relentless attempt to derail it.

The main protagonist in this regard has emerged as Peter James (a pseudonym) who has mounted an intense, and possibly paid for, campaign to destroy Worthington including the creation of a dedicated website and intensive email campaign. This has led to supplementary attacks by others also involved in trying to undermine Worthington and any party related to Worthington.

In November 2015, an agreement with creditors was reached by investors led by AE and AB to refinance and restructure Nuna. A General Meeting was held in November 2015 in Nuuk, Greenland and a new board including AB was elected to Nuna. Other members of the board appointed were Chris Williams ("CW") a long-time entrepreneur, David

Winduss (“DAW”) an experienced businessman as CFO and Ross Iannello (“RI”), ex banker as CEO.

David Winduss joined as Finance Director and compliance officer. Mr Winduss was formerly employed by Hanson, the highly successful industrial conglomerate. He is a chartered accountant and was appointed as head of acquisitions by Worthington.

At the time of the General Meeting the objective was to complete the financing and make a formal offer to acquire WRN which would then be delisted from the London Stock Exchange and be subsumed into the new enlarged Nuna holding company.

The proposed deal appeared an attractive one for Worthington shareholders as they were to be offered a premium for their shares on a share swap basis. The Pension Fund were supportive of this plan as it offered a means to ensure that the various WRN acquisitions that had been identified and agreed could be completed which would ensure that future pension payments were secure.

However the plans have been derailed by a vicious and intense campaign of online smears and false allegations of fraud that have littered the internet.

## CO-ORDINATED CAMPAIGN BY CERTAIN INDIVIDUALS (“INTERFERENTS”)

The Worthington group has various actual and potential legal claims against various parties associated with the Rangers Football Club. These include RFC 2012 plc, Rangers International Football Club plc (“RIFC”), Sevco Scotland Ltd, Imran Ahmed, Charles Green, Paul Clark, David Whitehurst, David Greer and Duff and Phelps the former administrators of RFC 2012 plc. Worthington, through its subsidiary Sevco 5088 Ltd, has a claim to all the assets currently said to be owned by RIFC. This claim means that the current board of RIFC would find it difficult to obtain conventional funding secured on these assets whilst such a potential claim exists (and which warranted a note of caution in the audited accounts of RIFC).

In early 2013 various email accounts were hacked by a person calling himself Charlotte Fakes, subsequently identified as William Stevenson. These stolen emails were subsequently bought for £25,000 by Dave King, the current chairman of Rangers. The stolen emails bought by the chairman of Rangers in late 2014 were then subsequently passed to Tom Winnifrith in early 2015 who illegally published them on his unregulated share tipping website “ShareProphets”. Despite knowing nothing about the merits of Worthington’s various claims against Rangers, TW consistently promoted the RIFC party line that these claims were spurious, in keeping with the position of Mr King who had bought the stolen emails which found their way on to Mr Winnifrith’s website. Mr King has himself been indicted on a large number of fraud charges in his native South Africa and was described by the South African

judge trying the case as “a glib and shameless liar” - and yet none of this background seems to have troubled TW who usually appears content to make allegations of fraud against smaller companies without any noticeable evidence of restraint. At the same time as TW was publishing stories that were favourable to the current Rangers regime (headed by Mr King) Worthington was, and continues to be, the subject of concerted anonymous attempts to undermine the Company through an intensive campaign of libel and tortious interference. If the Interferents were to be successful in undermining Worthington, then it may be supposed that the claims of the Worthington Group against Rangers would fall away due to lack of resources to pursue them. This would enable the board of RIFC to raise conventional funding against those assets as they would no longer be subject to contested title.

## PRINCIPAL INJURED PARTIES

### ALLAN BIGGAR (AB)

A professional relations, marketing and reputational management executive who was a main board director with WPP and Burson-Marsteller, then the worlds largest PR company part of WPP plc

He created the brand website, annual report and other material for Worthington as well as introducing a number of transactions to Worthington. He has also networked and made various introductions to the company. In addition he has invested his own money and a substantial amount of billable time.

He has been attacked by Tom Winnifrith (“TW” or “Winnifrith”) as being involved in some way with the imaginary WRN fraud simply because he once had a company that unfortunately went into liquidation (as has TW’s own company). There has been no suggestion of wrongdoing in that liquidation, but his reputation has been severely damaged by the false allegations of TW and other parties involved with the Campaign described in this report.

In contrast to the false allegations of fraud leveled against AB, he has personally invested over £300,000 in the restructuring of NunaMinerals A/S and more than £200,000 in Worthington post suspension to help cover pension fund payments and other costs in order to assist Worthington solvency; he has been working on an unpaid basis for both NunaMinerals A/S and Worthington; has turned down other work to concentrate on Worthington, leading to the virtual closure of his private practice; and has used all savings, credit lines and other sources of cash to support both WRN and Nuna and has provided various undertakings to personally cover costs of legal action and advice on behalf of both Worthington and NunaMinerals A/S.

## JOHAN BRUYNEEL (“JB”)

is a substantial investor in Worthington and also former manager of Lance Armstrong the cyclist who admitted to doping. JB became an investor in Worthington as a result of a recommendation by Alan Biggar. The Interferents have tried to allege that he is an ideal co-conspirator in the alleged Worthington fraud.

Introduced by Allan Biggar he has invested more than £400,000 in the company pre-and post-suspension and has never sold any shares.

## DARREN CHAPMAN (“DC”)

is a substantial investor in Worthington introduced by AE. DC used to be the football coach of AE’s son. DC was recently on holiday in Thailand, found an envelope containing \$200 in cash at the airport, was taking it to lost property when he was arrested by Thai police. They alleged that he was trying to steal the money and that it had \$600 in it and that, if he didn't pay the \$600, he would immediately go to jail. Despite knowing that he had been the victim of a sting, and that the envelope contained only \$200, he felt that he had no alternative but to pay over the money rather than spend potentially weeks trying to get out of a Thai jail. This story was sold by the parties involved in the sting to the Daily Mail where it was published online. He was then alleged by those attacking Worthington to be part of the “criminal gang” running Worthington.

Rather than being a participant in the imaginary WRN fraud, DC has provided more than £750,000 post suspension to help fund the costs of restructuring Nuna and funding for WRN and its planned acquisitions.

## AIDAN EARLEY (AE)

Brother of Wulstan Earley whose company Regenesi Holdings bought the original shareholding in Worthington around the same time as Craig Whyte’s company, Liberty Capital Ltd, bought its shareholding. Wulstan is also a director of Olympus Trading which owns substantial loan note interests in Worthington.

AE has no direct interest in Worthington and is a corporate intermediary and deal maker, i.e. makes personal and corporate introductions and helps raise money for corporate transactions.

AE’s emails (and those of others) were stolen by Charlotte Fakes, sold to Dave King (chairman of Rangers) for £25,000 and found their way onto Tom Winniffrith’s unregulated share tipping

website. Aidan sued TW but then, at TW's request, entered into a "drop hands" agreement with TW who is now in breach of that agreement ([www.aidanearley.org](http://www.aidanearley.org))

AE has been a key victim of the online abuse alleging that he is a fraudster and a beneficiary of the imagined Worthington fraud. In fact AE has been a net financial contributor to WRN and has worked tirelessly for the benefit of WRN shareholders. Furthermore his indirect interest in WRN is held for the benefit of his former creditors despite having no legal obligation to repay them at all. The background to this is set out on AE's website ([www.aidanearley.org](http://www.aidanearley.org))

AE has personally provided substantial funds on a voluntary basis to cover pension fund payments on behalf of Worthington Group plc after suspension of trading in WRN shares to maintain the solvency of Worthington and has helped fund professional and other costs relating to WRN's intended acquisitions.

He has personally invested six figure sums to cover the restructuring costs of NunaMinerals A/S and he and his wife have also provided personal guarantees against their home to cover a further £125,000

He has worked virtually fulltime as advisor to the Board on acquisitions, fundraising, restructuring and pension fund negotiations without payment. He and his family have advanced a net £1m to Worthington and proposed WRN acquisitions over the last two years. He has never taken expenses or fees from NunaMinerals A/S, and is currently helping to fund the legal costs of WRN's Judicial Review.

He has used all his family savings to help support Worthington and NunaMinerals

## EQUITY MEDIA PARTNERS LTD

is a company founded by Allan Biggar and other contacts of Mr. Biggar to engage in media related activities. It was an intended acquisition of Worthington but came under sustained attack by the online campaign to suggest that it was all part of the alleged Worthington fraud. In particular, the Great British Entrepreneur Awards (owned by EMP) came under sustained email and online attacks with sponsors and winners of the awards being contacted to be told that they were all part of the Great British Fraud awards, allegedly owned by Craig Whyte. This had a direct effect on the prestige of the awards, the recruitment of sponsors and customers and the value of the company. Furthermore, acquisitions that EMP was negotiating to complete were also put off by the alleged fraudulent connection with Worthington.

## ROSS IANNELLO

is the Chief Executive of NunaMinerals and former banker with National Australia Bank, Westpac Banking Corporation and Commonwealth Bank of Australia. He was part of the rescue team involved in trying to refinance and restructure NunaMinerals but stands accused of intending to be involved in an alleged Worthington fraud by virtue of Nuna's intended takeover of Worthington. He has an exemplary business career.

In contrast to the false allegation that he was intending to be involved in an imagined WRN fraud, Ross joined the board of NunaMinerals to help drive the restructuring and takeover of WRN; gave up a career in banking to join Nuna on the assumption that the restructuring would work; has never taken a salary or expenses from NunaMinerals A/S or Worthington Group plc; has no shareholding in either Worthington or Nuna; has worked almost fulltime on the restructuring of Nuna; and has incurred substantial personal expenses in relation to his support for the company

## NUNAMINERALS

The Danish listed Greenland based mineral exploration company that is in financial difficulty. There is no history of fraud with the company; it simply ran out of cash under the previous management. Several of the Injured Parties have provided large sums of money to assist the NunaMinerals rescue, which came under unprovoked attacks from the Interferents suggesting that it was going to be involved in the alleged Worthington fraud.

## RICHARD SPURWAY

Non-executive director of Worthington and colleague of Doug Ware. As with DW, he has no history of any kind of fraud. He was part of the team that took over after Worthington had been embroiled in the Rangers Saga.

As a non-executive director, he has been working on an unpaid basis until the Company recovers.

## DOUG WARE (DW)

The Chairman and Chief Executive of Worthington Group plc. He was introduced to Worthington by AE in order to try and use his turnaround skills to rescue the company. He had made good progress in that regard before Worthington came under unprovoked attack by Tom Winnifrith and others based on false allegations of fraud. The Internet landscape is littered with allegations of fraud against Worthington and DW which has severely undermined the company.

DW has been working for WRN on an unpaid basis and has never directly or indirectly sold any WRN shares. He has provided personal cash to support pension fund payments and other costs when the company could no longer afford to do so.

## CHRIS WILLIAMS (CW)

CW is the chairman of NunaMinerals and came in as part of the rescue team to help turn Nuna around. Subjected to allegations of being part of the Worthington "fraud posse" despite having

no history of fraud and no connection whatsoever with Worthington. The suggestion was that he had a failed company in the Middle East and that this somehow made him likely to want to get involved in the imagined Worthington/NunaMinerals fraud. In reality the business failure in the Middle East was directly as a result of the failure of an Arab government to honour payment of a contract following the global crash. Being a minor, foreign owned company, CW was simply informed "sorry but we're just not going to pay you".

In contrast to the false allegation that CW was intending to get involved in a Nuna/WRN fraud, CW joined the board of NunaMinerals to help drive the restructuring and takeover of WRN. He has never taken a salary or expenses from NunaMinerals A/s or Worthington Group plc; has no shareholding in either Worthington or Nuna; has introduced funders and investors to both companies; has worked almost fulltime on the restructuring of NunaMinerals A/S and personally put great effort into agreeing a workable deal with the Greenland Government and most creditors (with the exception of the former CEO of NunaMinerals whose claim ultimately led to the bankruptcy of the company); and instead of earning any salary or remuneration has incurred substantial personal expenses in relation to his support for the company.

## DAVID WINDUSS

Was appointed finance director of NunaMinerals as part of the rescue team involved in trying to refinance and restructure NunaMinerals, having been appointed by WRN as head of acquisitions. He is a chartered accountant and former executive with Hanson, the highly successful industrial conglomerate, as well as a former main board director of Bidcorp Plc the South African conglomerate.

His rugby club in Bath was contacted by those parties involved in the email campaign to damage Worthington, suggesting that the rugby club should know that one of their management team was involved in a major fraud. He also featured in an online video suggesting he was one of the key architects of the alleged Worthington fraud.

Instead, he has worked predominantly on an unpaid basis and has been instrumental in securing the opportunity for WRN to acquire some of its key potential acquisitions. He joined the board of NunaMinerals to help drive the takeover of WRN and has never had any shares in either company.

## WORTHINGTON GROUP PLC

Itself, having had its lawful business undermined

## MAIN INTERFERENTS

### TOM WINNIFRITH

Alleged owner and operator of the unregulated share tipping website [www.shareprophets.com](http://www.shareprophets.com) as well as his own blog [TomWinnifrith.com](http://TomWinnifrith.com). He has made a name for himself by alleging multiple instances of fraud against significant numbers of smaller listed companies which has the effect of driving traffic to his website. Some of his allegations appear to have some basis to them, but many of them do not. TW himself has failed business enterprises in his past, has been severely criticised by the liquidator of one of those companies and there is a question mark over a missing £100,000 as well as question marks over his failure to conduct his financial services business in a fit and proper way. Furthermore, there is a question mark over an unexplained fire at one of his former offices which involved an insurance claim. TW is one of the key ring leaders of the campaign along with Peter James.

### TOM WINNIFRITH (“TW” or “Winnifrith”) AND SHARE PROPHETS

TW claims to be a journalist but is not subject to any of the journalistic ethics set down by the Levenson enquiry and is not a member of any recognised self-regulatory organisation for journalists, nor does he attempt objective reporting. However, by claiming to be a journalist he may argue that he does not need to be regulated by the Financial Conduct Authority (“FCA”) for engaging in share tipping and providing investment advice. As someone attempting to operate outside the law, he has made a name for himself as a controversial commentator on investments who makes wild allegations concerning public companies, potentially in order to drive traffic to his website in order to generate advertising revenue. The management time and costs associated with taking legal action against TW is often prohibitive for smaller companies. Added to that, obtaining injunctions in libel is notoriously difficult for individuals let alone a corporate entity and TW has already stated in Court that he has no personal funds to pay legal costs let alone any successful libel claim. Thus in the two years it would take for a claim in libel to get to Court, TW would be free to up the ante in targeting any company that sought to bring legal action against him knowing that nothing could be done to stop him to the point of trial, and thereafter, not having any funds, he would not pay any damages either. Mr. Winnifrith’s modus operandi is to arrange his personal affairs in such a way that they are beyond the reach of any successful claim in libel so that he can make false allegations with impunity.

TW denounces entire smaller companies as being fraudulent enterprises when he would not consider doing the same, for example, in relation to Tesco or Shell, who both significantly overstated their profits or reserves. Were he to refer to Tesco as the “fraud Tesco” or Shell as “the fraud Shell” as he does with the smaller companies that he attacks, he would quickly be overpowered by the weight of resources that would be brought against him, but he does exactly that with smaller companies less able to defend themselves, as though every aspect of the

smaller company targeted is a fraud and every officer within it is part of the alleged fraudulent enterprise.

TW first came to the attention of AE in around February/March 2015 when he started publishing stolen emails. AE obtained an injunction against him to prevent him continuing to do so. Because that injunction application had not made mention of AE's conviction for inadequate accounting records 25 years previously that injunction was set aside; it is surprising that such a long spent conviction, which had no bearing on the case, should have needed to be mentioned and it did not cross the mind of either AE or his counsel to do so. AE had disclosed all the relevant matters (particularly that TW had come back into the country, when AE's initial premise for the injunction was to prevent him publishing further stolen emails which he had threatened to do once he had returned). Nonetheless, without an injunction in place, AE intended to continue with the action against TW but at TW's request entered into an agreement to "drop hands" because Winnifrith stated that "only lawyers win" and, in any event, he had no funds to settle any claim. TW agreed that he would no longer target Worthington by alleging fraud and that his previous allegations would become "like Internet chip paper" and drop off the Internet. On this basis, to free up time to concentrate on more important commercial imperatives and to avoid being subject to TW's ongoing campaign at a delicate moment in the company's development, AE agreed to TW's terms to "drop hands". The court order resulting from this agreement resulted in TW handing over all electronic copies of the stolen emails to Stitt and Co Solicitors and also resulted in the aforementioned private agreement between TW and AE. TW was keen that this private agreement was not made public in order to save face. In addition to his unregulated share tipping and investment advice, TW also benefits from what amounts to racketeering: that is, the extraction of commercial, financial, or other advantage by threatening companies with systematic attacks on his unregulated website unless they achieve a degree of protection by utilising his services or by discontinuing legal action against him. Companies feel compelled to buy space at his investor show exhibition in order to avoid the worst excesses of his vitriolic campaigns. Not only this, but so sustained are his attacks on smaller companies that he targets, that the share prices of those companies come under significant selling pressure as it has become clear that it is unprofitable to remain in a company that is being attacked by TW on such a sustained basis (regardless of whether anything that TW happens to be saying is true or not). Conversely, any small company that he chooses to tip as an investment is likely to be spared these unprovoked attacks and therefore investors feel less likely to see the share price fall as a result of attacks by Mr Winnifrith, and the short sellers encouraged by his campaigns. Therefore, TW's unlawful activity is having a destabilising and distorting effect on the smaller company sector as a whole.

TW has broken his private agreement with AE to the extent that his previous articles (which were supposed to be "like Internet chip paper" and drop off the Internet) have been used by Peter James and the others to make false allegations against the Injured Parties. In addition, Winnifrith resumed his attacks on Worthington in contravention of that agreement. Furthermore, potentially in breach of the court order, TW has reposted electronic copies of the stolen emails when he was supposed to have handed all copies to Stitt and Co.

Were AE to bring a claim for breach of contract, an injunction is more likely than in libel and damages would be limited only by the amount of provable loss. In addition, the Injured Parties

would have a degree of protection, should an injunction be granted, from any ongoing campaign by TW against the Injured Parties pending trial.

## SHAREPROPHETS

When previously asked to provide details of the ownership of the website “ShareProphets”, TW was evasive and would not provide precise details. In reality it is controlled and run by him as he himself states in various articles on his website.

Contrary to the Winnifrith undertaking, previous articles have not become like Internet chip paper. Consequently, significant damage has been caused to the Injured Parties because any reasonable investor presented with two investment opportunities, one involving allegations of fraud and the other not is, to say the least, more likely to look more favourably on an investment where fraud allegations are not present. On many occasions the Injured Parties have met with investors who initially seemed enthusiastic only to change their mind once they had had the opportunity to Google either Worthington or NunaMinerals or any of the Injured Parties - as a direct result of TW’s false allegations and, in breach of his agreement, his failure to ensure that the articles do not show up on the Internet and that he did not continue his campaign against any of the Injured Parties.

In addition to the allegations of fraud remaining on the Internet, Mr. James circulated TW’s comments and his own inventions to any party that he felt he could cause to stop dealing with the Injured Parties in order to destroy their business.

Not only are these very serious attempts to unlawfully interfere with the Injured Parties’ lawful business activity, but the Interferents would use any successful outcome of their campaign of sabotage to then use the resulting business failure as evidence that their original false allegations were in fact true; the real truth of what happened potentially being lost in the recriminations.

## PETER JAMES

is the principal architect of a virulent email campaign against anyone connected with Worthington. This is not his real name but a pseudonym because he claims to be worried that his safety would be at risk because Worthington had allegedly previously threatened reporters in Keighley concerning the sale of its former factory site. That is both untrue and bizarre because, of course, any company threatening unnamed journalists to prevent them reporting on the sale of a factory would almost guarantee that, not only would such a story be local news, it would potentially be national news as well. Not only has he conducted this email campaign, but has also established an anonymous website stating that NunaMinerals and Worthington are part of a grand fraud as well as posting links to all of TW posts and stolen emails concerning Worthington. His website is hosted by WordPress.

It can be deduced from the language used and its style that the emails from Peter James and the WordPress blog articles (whilst hoping to hide behind anonymity) are authored by the same person. Not only has he distributed the material that TW was supposed to ensure was no longer available for circulation but he has also invented his own false allegations. Furthermore, he has been fundamentally dishonest in his approach in alleging that he was too scared for his own personal safety to disclose who he was.

## DAVID KING

Current chairman of Rangers, paid £25,000 for stolen emails in late 2014 which subsequently found their way onto TW's website in early 2015. Engaged in handling and the misuse of stolen goods and tortious interference.

## WILLIAM STEPHENSON

Engaged in illegal hacking of various email accounts, including that of AE, attempted blackmail and the sale of the stolen goods to David King.

## VARIOUS CHAT ROOM MEMBERS

These have been part of orchestrated attempts over the last two years to damage sentiment in Worthington by posting continuous allegations of fraud and suggestions that the Worthington team members are all going to jail. For people who have no interest in the shares of Worthington, to conduct this campaign for so long suggests they are part of the wider Rangers related attacks on Worthington, or who may have a personal grievance against Mr. Whyte and still mistakenly believe him to be involved with the company.

## ADVFN

is a financial website that provides live share prices for UK and overseas companies. It is controlled by Mr Clem Chambers who is, or was, a personal friend of Tom Winnifrith. Most of the defamatory postings about Worthington on financial websites have been hosted by ADVFN and despite multiple attempts by Kirstin Forbes (at Worthington's request) to get the posts removed her email has frequently been blocked by ADVFN and they have been negligent in allowing this aggressive campaign of defamation against Worthington and its associates to go unchecked. London and Southeast, which is a competitor financial website, has, on the other hand, acted more responsibly in swiftly removing similar posts.

## OLEG SCHKODA – an example of how false allegations can gain added traction

Oleg Schkoda was hired in summer of 2014 to advise WRN on oil acquisitions. Schkoda and the team worked well together; however, following the suspension of trading in Worthington shares, any future payments to Schkoda were conditional on Worthington shares being restored

to trading. Several ways forward were suggested to Schkoda and indeed AE personally lent Schkoda money to tide him over. In April 2016 AE and AB discovered that Schkoda had been emailed by Peter James and had replied to James saying that he, Schkoda, had been duped by AB, AE and, bizarrely, by Whyte (whom he had never met, and who has not been involved with WRN since before Schkoda was appointed). Again, this letter was published by Peter James. In an effort to try and detach himself from the alleged fraud Schkoda tried to play down his involvement in Worthington saying that he was not head of oil and gas, in contradiction with dozens of his own emails confirming his position as head of oil and gas.

*The case of Schkoda is not an isolated incident and further highlights the damage that a false campaign can cause: i.e. in an effort to detach themselves from the false allegations, people are willing to lie in order to try and distance themselves from the alleged fraud whilst then appearing to add weight to the false allegations.*

## THE BIGGEST VICTIM GROUPS

### ORDINARY SHAREHOLDERS

The single biggest group of victims are the ordinary shareholders of Worthington as a result of deals not being able to be completed and the resulting continuing suspension.

More than 1,000 small investors have had the business they invested in systematically destroyed by this campaign of Tortious Interference.

### THE PENSION FUND

In November of 2016, as a consequence of the two year delay to the WRN relisting, caused by the aggressive campaign to destroy WRN, the Pension Fund trustee, in keeping with its obligations to protect its pension fund members, understandably applied for the winding up of Worthington in order that the pension fund may benefit from the protection of the government backed pension protection fund. This was despite sustained efforts by Worthington management and a group of investors led by AE and AB (who both made substantial voluntary pension fund contributions over the last two years) to try and secure the future for both WRN and also, with the support of the pension trustee, the Pension Fund. The effect of the campaign of Tortious Interference conducted by the Interferents has therefore been to deprive deferred pensioners of 10% of their pensions. Had this campaign not been carried out, WRN would have completed its acquisitions and pensioners would have been able to enjoy full payment of their final salary scheme benefits.

## DAMAGE TO DEALS AND OTHER PARTIES

### WORTHINGTON

At the time that the campaign of Tortious Interference was launched against WRN, the company was at its most vulnerable. Its shares had just been suspended from trading, it had not completed its key acquisitions or its £12m fund raise and therefore had very limited cash resources. The obvious and intended effect of the extensive campaign of false allegations of fraud was to ensure that the internet was saturated with these allegations in order to drive away investment and to destroy the company. Despite the main shareholders and directors of the company investing large amounts of personal funds in maintaining the solvency of WRN over the last two years that campaign was ultimately successful, as a result of the Pension Fund needing to enter the PPF. Thus the campaign has created clear damage to all WRN stakeholders, including Shareholders, Creditors and Pensioners.

## EMP

EMP, Fresh Business Thinking and the Great British Entrepreneurs awards have come under sustained attack by the Interferents. Sponsors including NatWest have been contacted at the highest levels by individuals alleging fraud and connection to Whyte. Speakers and judges for the awards have also been contacted with damaging allegations made, not surprisingly damaging the businesses of EMP.

Clients of all companies were targeted by emails from Peter James and phone calls from anonymous concerned individuals. For example, sponsors and advertisers involved in the Great British Entrepreneurs Awards were called and emailed alleging that EMP was a front for Craig Whyte and the awards were a fraud. Instead of growing the businesses staff and management spent time defending the existing business. In the meantime, Worthington was unable to provide the funding needed to grow and achieve the planned sales causing significant stress to all concerned. Far from being able to grow a substantial business the campaign of false allegations of fraud has caused the business to struggle to survive.

One key effect of the negative environment was that EMP was unable to proceed with the important strategic acquisition of a major competitor with revenues of £10m and substantial historic profits, which was the key building block of the planned media group. That deal was therefore lost to Worthington. The failure to complete the media deals was then reported by the Interferents as another alleged fraud whereas, in fact, if Worthington had been able to proceed with the deal, and the companies had not been undermined, the media group would have met and indeed likely exceeded expectations.

## NUNA

See Page 7 of this Report

## MISCELLANEOUS TRANSACTIONS

In addition to the companies whose names are already in the public domain, the campaign of Tortious Interference has also extended to the directors, advisers and significant stakeholders of companies that WRN has been seeking to acquire, alleging that WRN was part of a largescale fraud led by Whyte and associates. Even the rugby club of David Winduss, where he is treasurer, has been contacted claiming that Winduss is part of a large scale fraud. In addition, non WRN transactions have been derailed by virtue of the reputational impact of the coverage of AE and AB on Google searches: specifically the Tom Winnifrith and Peter James/Wordpress coverage.

The damage caused to a small or medium sized enterprise by false and malicious allegations of fraud on the internet is extensive and cannot be redressed by damages paid by those responsible, not least because they do not have the resources to repair the damage caused. Therefore, in our opinion, only the sanction of the criminal law can act to deter campaigns of this nature in the future.

## INVESTORS AND SHAREHOLDERS OF WORTHINGTON

On numerous occasions over the last 24 months, projects brought by the Injured Parties have been discontinued or not considered by investors due to the negative coverage online. Other investors including Steven Beharrell (a lawyer in the City of London), Johan Bruyneel, Darren Chapman and many others have been the subject of emails and online comment alleging conspiracy to defraud simply by virtue of their investment in Worthington.

## ABUSES AND ATTACKS

### THE HACKING

In 2013 various parties connected to Worthington and Rangers were victims of a computer hacking operation and tens of thousands of emails and other documents were stolen. The hacker was identified as Charlotte Fakes. AE referred the matter to the police and a suspect was arrested. That suspect has now been identified as William Stevenson. Court proceedings disclosed that David King the Chairman of Rangers has paid £25,000 for the emails. The emails were subsequently illegally provided to and used by Tom Winnifrith and published by him on his ShareProphets website.

## USING PAST FAILINGS TO ALLEGE CURRENT WRONG DOING

For example, stating that because Allan Biggar had a previous liquidation and he was involved with Worthington, therefore Allan and Worthington are fraudulent

## CONFLATING UNRELATED ITEMS TO GIVE AN IMPRESSION OF WRONGDOING,

Stating that Craig Whyte is a shareholder of Worthington/is behind Worthington, Craig Whyte has been arrested and charged with fraud in relation to Rangers, therefore Worthington is also engaged in fraud – whereas, of course, that is a non sequitur linking together unrelated issues. In fact, Craig Whyte is not behind Worthington nor is he a shareholder and he has not been found guilty of any fraud.

## FALSELY ASSERTING THAT ANY ASSOCIATION TO CRAIG WHYTE EQUALS FRAUD

Alleging that, because Craig Whyte is stated to be involved in Worthington, therefore Worthington is a fraud, therefore anybody associated with Worthington by mere name association (Allan Biggar, David Winduss, Douglas Ware, Darren Chapman, Johann Bruyneel, Ross Iannello, Chris Williams and Aidan Earley) are also all involved in the entirely imagined fraud.

## FALSE ALLEGATION OF NUNA FRAUD BY VIRTUE OF POTENTIAL OFFER FOR WORTHINGTON

Even if the false allegations against Worthington were true, to allege that NunaMinerals is also a fraudulent enterprise by virtue of its potential takeover of Worthington (despite having an independent board able to conduct its own due diligence into Worthington) is another non-sequitur and an entirely baseless and damaging allegation.

## PUBLIC INTEREST

It is in the public interest that stolen emails are not illegally published, that journalists work within a code of ethics, that share tipsters and investment advisors are regulated, that anonymous campaigns of malicious falsehood are held to account and that Internet mob rule does not undermine fairness and justice. All these issues are involved in this case.

## MANIFESTLY FALSE ALLEGATIONS BY WINNIFRITH ET AL

*Statement: Craig Whyte is a shareholder of Worthington and is behind it.*

***Truth: Mr Whyte has no shares or any interest at all in Worthington, and if he did have any shares or any interest whatsoever his trustee in bankruptcy would own and control them on behalf of his bankruptcy estate. Furthermore, AE is a witness for the crown against Mr Whyte in the forthcoming trial. Finally, the directors of Worthington have only met Mr White on one occasion some time ago.***

*Statement: Just before suspension, parties close to Worthington “dumped” almost 2 million Worthington shares as part of a “pump and dump” operation.*

***Truth: The shares were sold by the liquidator of Liberty Capital acting entirely independently and without any association at all with any of the directors or significant shareholders of Worthington.***

*Statement: Worthington's pension fund was raided by Craig Whyte to fund Rangers and that the Pension fund money was stolen.*

***Truth: The money was held in a solicitor's escrow account pending a fully secured transaction that did not complete and was returned with interest and costs. The transaction in question had been reviewed by three barristers, received independent financial advice and was authorised by two former senior bankers who were acting as pension fund trustees at the time.***

*Statement: The Jerome pension fund is at risk.*

***Truth: the trustee is an independent trustee appointed by the government.***

*Statement: The Nuna transaction is a fraud.*

***Truth: The Nuna transaction is entirely legitimate, the Nuna board has no history of fraud, the £1m costs of the transaction have been borne predominantly by AE and AB and key beneficiaries are the Nuna shareholders and creditors.***

*Statement: Aidan Earley is a convicted fraudster*

**Truth: AE is not a convicted fraudster, he spent 8 weeks in prison 25 year ago, in relation to a conviction that specifically did not involve dishonesty. Not only is the allegation false but, under the Rehabilitation of Offenders Act, it is unlawful to mention spent convictions in this way.**

*Statement: Worthington Accounts not published due to inability to agree value of Rangers Claim*

**Truth: Worthington accounts have not been published due to exceptional circumstances which have been accepted by Companies House, some of which are referred to in this report.**

*Statement: The Rangers Claims have no value*

**Truth: The claims have a significantly greater value than £10m with a good prospect of success**

*Statement: Rangers claims dropped/failed*

**Truth: Claims were withdrawn by WRN from court pending resubmission with further evidence while discussions with BDO were held and other court issues were dealt with. The claims have not failed or gone away. WRN has had to prioritise resources, and retaining and progressing the best commercial transactions were deemed to be of greater priority. The main claims on the other hand do not have to be pursued for another 12 months.**

## EFFECT ON THE INJURED PARTIES BUSINESS

In addition to the losses referred to above, the fact that whatever the Injured Parties do will be portrayed as being part of the imagined fraud has a severely suffocating effect on business activity, because any company associated with the Injured Parties becomes embroiled in the campaign of malicious falsehood, and potential partner businesses then do not want to deal with the Injured Parties. It means that the Injured Parties must be very circumspect about discussing any activities that are in the nascent stage or publishing any information that may be misused by the Interferents to undermine, damage and ultimately destroy the Injured Parties lawful business.

## WHERE FROM HERE? Legal routes to redress

Given the unrelenting campaign described in this report the Injured Parties have little choice other than to obtain legal relief. However there are deficiencies in the current libel and defamation legislation which severely inhibit the ability of the Injured Parties to bring effective action to stop this campaign. Injunctive relief in libel is notoriously difficult to obtain, with only three successful libel injunctions in recent years: two of which could be more accurately described as harassment cases and the third was set aside. The difficulty for a plaintiff in bringing an action in libel without the protection of an injunction is that it allows the Interferents to

continue, and indeed intensify, their campaign of abuse pending trial - which may be two years away, and even if the plaintiff is ultimately successful the Interferents may well not have the resources to meet any damages award. Currently libel legislation is not providing an adequate remedy for victims of online defamation.

It is therefore necessary to look at other avenues of relief, in addition to actions in libel, to protect the Injured Parties from the concerted and coordinated attempt by the Interferents to destroy the value of Worthington and any party associated with the Company.

## BREACH OF CONTRACT AS IT RELATES TO THE INJURED PARTIES AND TOM WINNIFRITH

As a condition of AE not proceeding with legal action against TW and ShareProphets and AE agreeing to give a talk at the Investor Show on faith and money, it was agreed as follows:

- TW would deposit all electronic and other copies of the stolen emails with Stitt and Co
- TW would no longer use words like fraud or similar against the Injured Parties
- All existing articles on ShareProphets would disappear from Internet searches (“become like Internet chip paper”) and there would be no meta tags of key words to ensure that search engines did not pick up the past articles.

In fact, after a pause of a few months, TW resumed using the word “fraud” and the articles did not disappear from the Internet and all the past articles were referenced by other Interferents.

TW is therefore in breach of the terms of the agreement and is liable for all relevant damages.

## TORTUOUS INTERFERENCE

*The following is a summary of the legal principle of Tortious Interference as it applies to those Injured Parties in these matters.*

### ***The tort of unlawful interference***

*Plaintiff (P) – party damaged*

*Defendant (D) – party causing the damage*

*Third Party (T) - party that the Plaintiff has, or intends to have, a business relationship with.*

*In order to be liable for the tort of unlawful interference with P’s trade or business, the following is required:*

*(i) D must use unlawful means against T. In order to qualify as unlawful means, D’s actions must be civilly actionable by T (unless the only reason why they are not actionable is because T has suffered no loss);*

*(ii) D’s unlawful means must be such as to interfere with T’s ability to deal with P;*

*(iii) D must intend to damage P (although, again, it need not be the only or the predominant intention, provided it is the desired end or the means of attaining it, for example, D is liable even*

if the primary aim is to protect or promote his own economic interests, if that will necessarily injure P); and

(iv) P must be damaged in fact.

## TORTIOUS INTERFERENCE IN RELATION TO THE INJURED PARTIES

The campaign has been to so damage each of the Injured Parties that they are unable to conduct business with each other or any one else, and has resulted in the bankruptcy of both Nuna and Worthington. Several of the Injured Parties have legitimate claims for redress under this tort.

## RACKETEERING

A racket is an illegal service that is offered to solve a problem, particularly a problem that does not actually exist or that would not otherwise exist if the racket itself did not exist. Conducting a racket is racketeering. Typically, the potential problem may be caused by the same party that offers to solve it, although that fact may be concealed, with the specific intent to engender continual patronage for this party. The racket itself promises to protect the target business or person from harmful actions; then either collects their money or causes the damages to the business until the owner pays. The racket exists as both the problem and its solution and is used as a method of extortion.

In the United States racketeering is prohibited by the Racketeer Influenced and Corruption Organizations Act or "RICO" Act

RICO is a set of laws specifically designed to punish racketeering by business enterprises

An enterprise is defined as "any individual, partnership, corporation, association, or other legal entity, and any union or group of individuals associated in fact although not a legal entity."

Racketeering also includes "Interference with commerce, ..., or extortion"

Tortious Interference (or interference with commerce) is described above, but the legal definition of extortion is "taking money or property from another by means of illegal compulsion" It is not necessary for a threat to involve physical injury. It may be sufficient to threaten to accuse another person of a crime or to expose a secret that would result in public embarrassment or ridicule. The threat does not have to relate to an unlawful act. Other types of threats sufficient to constitute extortion **include those to harm the victim's business**"

The punishment for violating the criminal provisions of RICO is exceptionally severe. If convicted, a defendant is fined and sentenced to not more than 20 years in prison for each RICO violation. Furthermore, the defendant must forfeit any interest, claim against, or property or contractual right over the criminal enterprise, as well as any property that constitutes the racketeering activity or that was derived from the racketeering activity. Finally, RICO contains civil provisions that allow a party who has been injured by a RICO defendant to recover from the defendant in civil court. A successful civil RICO plaintiff may collect treble damages, or three times the amount lost to the defendant, as well as lawyer fees and other costs associated with the litigation. The intent of the many and various sanctions is to cripple, and ultimately eradicate, organised crime enterprises.

## RACKETEERING IN RELATION TO SHAREPROPHETS AND TOM WINNIFRITH (“SPW”)

We have spoken to several smaller companies and their advisers, including Solicitors, Accountants, Corporate Financiers and, indirectly, Nomads who have in each case confirmed that as a matter of course they take stands at Mr Winnifrith’s Investor Show in order to avoid the worst excesses of the destructive coverage launched against smaller companies by SPW. We have little doubt that the scale of this Racketeering is significant as a percentage of those smaller companies taking stands at the Investor Show. There is also evidence that TW attacks smaller companies whilst also offering his services to them in a less than subtle attempt to suggest that the attacks would stop if the services were taken. In addition, it is clear that several parties have not continued legal action against TW on the basis of promises that these attacks would cease.

## DEFAMATION

The following is a guide to defamation published by [www.legallawontheweb.co.uk](http://www.legallawontheweb.co.uk)

*The meanings of defamation are all related to the effect that the communication has upon its subject by way of the effect it has upon society or the community generally; it can be considered defamation in the following cases:*

- *it is a discredit to the person*
- *it causes the regard in which the subject is held by others to be lowered*
- *it causes the person to be shunned or avoided*
- *it causes the person to be the subject of hatred, ridicule or contempt*

*The major aspect of defamation is its effect upon right-thinking members of society or the community generally, and what is causes them to feel towards the subject of the alleged defamation. The key terms here are ‘right-thinking’ and ‘generally’ – if the defamation has an effect upon merely a section of society then this is not regarded by law as defamation. The defamation has to have an effect upon right-thinking people generally.*

*Where the communication is an insult, if it is simply just mindless abuse of a person then this will not be regarded as defamatory. This is because the nature of the language that is likely to be used in such an instance is generic and therefore has no relation to the subject itself; in this case it is not likely to have any detrimental effect on the subject. Though this is not likely to be a defence in a libel case, as the more considered nature of the written word lends it greater authority than words spoken instantaneously. Therefore an insult or abuse that is written is more likely to have an effect on the subject in the eyes of right-thinking people generally.*

*Though a civil case, defamation relies on the judgement of a jury. If a judge decides that the communication has the possibility of being damaging then the jury must consider firstly what the meaning of the words or imagery is in its normal context, then they need to decide if its use can be defamatory. The jury should not consider the intention of the defendant, nor the knowledge that they have.*

*There are two different kinds of meaning that can be considered in a case of defamation – the normal meaning, which includes all the alternative, figurative and connotative meanings that can be derived from the word or imagery, and the innuendo meaning. An innuendo meaning is*

*subdivided again into false innuendo and true innuendo. False innuendo is when the meaning suggested through innuendo is generally available to most people and does not require any other knowledge. True innuendo is when the innuendo intended requires special knowledge to understand and make it defamatory. For example if the defendant congratulated the plaintiff on their expectation of a baby this would not be viewed as being defamatory, until or unless you have the knowledge that the plaintiff is an 18 year old devout Christian, who is unwed and regards her own body as pure and chaste. In this case the seemingly amiable congratulations on a pregnancy can be seen, with special knowledge, to make an innuendo that the plaintiff is not as sexually ascetic and religiously principled as they are generally considered to be. This would be defamatory.*

*Defamation, malice, reckless disregard and negligence*

*Malice is a prosecution's argument; it works to counter a defence of fair comment or qualified privilege. **If it can be proved that the defendant acted with defamation due to malicious intent then those defences would not be operative.***

*Malice is defined as the act of defamation performed with the intent to harm the party being defamed. An absence of belief in the defamatory statement, or a reckless disregard for whether or not the statement was true, is usually enough to conclude that the defamation was performed with "actual malice".*

*In cases involving public officials, it is necessary to prove that actual malice was involved in order for them to claim any compensatory damages; for regular individuals, however, there is no such necessity, and they must only prove that the accused was negligent and did not apply due care when making the statement or presuming the truth of the defamatory comment. Actual malice must be proven in either case if the individual affected wishes to claim punitive damages, however.*