

RODNEY WARREN & CO
solicitors

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For the Urgent attention of
The Manager
The May Fair Hotel
Stratton Street
Mayfair
London
W1J BLT

OUR REF: DM/JAF/S0866/1

YOUR REF:

22nd November 2012

Dear Sir

On the 26th and 27th November 2012 you are hosting the OffshoreAlert Conference Europe. Offshore Alert is a company owned and run by Mr David Marchant.

Mr Marchant has recently published a series of articles about a company called the Axiom Legal Financing Fund and our client, Mr Timothy Schools. For example, the OffshoreAlert website currently contains a post (at <http://www.offshorealert.com/axiom-legal-financing-fund-asset-recovery.aspx>) which includes the following words: *"The bad news is you have been defrauded of your investment in Axiom Legal Financing Fund. Your money has been embezzled by the Fund's controlling person, Timothy Schools, and other insiders. The sooner you accept this, the sooner you can start taking steps to recover some of your losses. The worst thing you can do is hold out any hope that the Fund is going to get back on its feet. Trust me, that's not going to happen. It's inevitable that the Fund will go into liquidation."*

This gravely defamatory allegation against our client by Mr Marchant is untrue. Our client has today issued libel proceedings against Mr Marchant in the High Court in London. We enclose with this letter a copy of those proceedings.

You will note from Mr Marchant's website that he advertises the Conference, and your hotel, on the very same pages where he makes the defamatory allegations about our client. He also refers to those articles, and our client, in the publicity for the Conference, for example at this page: <http://www.offshorealert.com/conference/europe2012/uncovering-red-flags-in-international-finance.aspx>.

Continued over .

RODNEY S R WARREN LLB JUSTIN B K RIVETT LLB
Consultants: DAVID MCINTOSH QC (Hon), ADRIAN R G CARTER LLB
Associate Solicitors:

PAUL SUMMERBELL, DIANA SERVICE, ANTHONY WALLER
MAGDALENA BIGLOU, JULIEN MUSSI, DANIEL HARRISON,
TIA CLARKE, MAXINE BUCK, YOLANDA PONS
Legal Executive: EMMA MACDONALD
Paralegal: LORETTA BENTLEY

Business Administrator: KVIN BARRY Practice Manager: MAUREEN HURLEY

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Mr Marchant and his website are based in the US. In a recent interview (which also advertises the conference and names your hotel) he has stated that he could not operate in the UK because he would be "sued out of existence". As you may be aware, the central difference between British and American libel law in this context is that there is no legal requirement in the US that journalists act responsibly, as there is here. We are confident that Mr Marchant's conduct cannot reasonably be described as responsible. We are confirmed in that view by the fact that he has begun to try and put pressure on our client to refrain from proceeding with his complaint by making threats in relation to our client's daughter.

Our client is concerned that Mr Marchant intends to use your hotel as a platform in the UK to repeat his false, defamatory and irresponsible allegations about our client and further damage our client's reputation, either by his words or by the production of written material promoting the company and his website, or both. Were he to do so our client would have no opportunity to respond in kind.

We have asked Mr Marchant to undertake that he will not use your facilities to continue his misguided campaign against our client, but he has declined to do so. We have also asked Mr Marchant to permit representatives of our client to attend the Conference to monitor his conduct, but he has declined to do so without payment of a fee.

Our client has no quarrel with the hotel and no wish to upset its owners, management or staff. However, he is understandably worried about Mr Marchant and his activities. Should it become necessary to include in the existing libel proceedings further allegations made by Mr Marchant at the Conference your hotel will necessarily be named in those proceedings, and it may be necessary for hotel employees to be give evidence as to what was said. In those circumstance we consider it appropriate to warn you of the threat posed by Mr Marchant, and to ask you to preserve any documentary material in relation to the Conference which is, or comes into, the possession of the hotel. That includes not just printed material, but also any video or audio recordings made of proceedings at the Conference.

Should your representatives wish to discuss this matter with the writer, Mr McIntosh, they must not hesitate to do so and he will find that such discussions will take place in a cooperative atmosphere.

Yours faithfully


Rodney Warren & Co

DEFENDANTS COPY



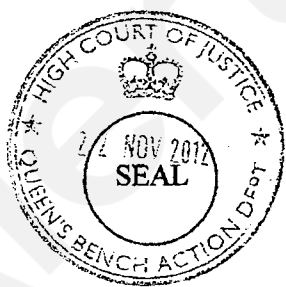
Claim Form

In the High Court of Justice
Queen's Bench Division

	<i>for court use only</i>
Claim No.	12D04916
Issue date	22 November 2012

Claimant
Timothy Schools
Headley House
Joss Lane
Sedbergh
Cumbria
LA10 5AS

***Not for service out of
Jurisdiction***



Defendants
(1) David Marchant
(2) KYC News Inc

Brief details of claim

The Claimant claims damages including aggravated damages, for libels published by the Defendant on their "OffshoreAlert" website on 6th, 12th and 19th November 2012, and an injunction to restrain the repetition of the allegations complained of.

Assigned to Master YOTMU

Value

The value of this claim is limited to £100,000.

This Claim was issued out of the High Court of Justice, Queen's Bench Division, Royal Courts of Justice, Strand London WC2A 2LL

Defendant's name and address, including postcode

(1) David Marchant
(2) KYC News Inc
Both of 123 SE 3rd Avenue # 173,
Miami, FL 33131, USA

	£
Amount claimed	TBC
Court fee	£1150.00
Solicitor's costs	TBA
Total amount	TBC

When corresponding with the court, please address forms or letters to the Court Manager and quote the claim number.

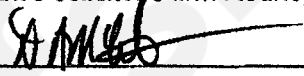
N1 Claim form (CPR Part 7) (03.12)

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Claim No.	
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Does, or will, your claim include any issues under the Human Rights Act 1998? [] Yes [X] No

Particulars of Claim attached

Statement of Truth	
*The Claimant believes that the facts stated in these particulars of claim are true.	
*I am duly authorised by the claimant to sign this statement	
Full name	<u>DAVID ^{ANGUS} MCINTOSH</u>
Name of claimant's solicitor's firm Rodney Warren & Co	
signed <u></u>	position or office held <u>Consultant</u>
Claimant's solicitor	

Rodney Warren & Co Solicitors
Berkeley House 26/28 Gildredge Road
Eastbourne East Sussex BN21 4RW
Ref: DAM
Tel: 01323 430430
DX: 6969 Eastbourne

Claimant's or claimant's solicitor's
address to which documents or
payments should be sent if different
from overleaf including (if appropriate)
details of DX, fax or e-mail.

IN THE HIGH COURT OF JUSTICE

Claim No. HQ 12 D04916

QUEEN'S BENCH DIVISION

BETWEEN

TIMOTHY SCHOOLS

Claimant

and

(1) DAVID MERCHANT

(2) KYC NEWS INC

Defendants

PARTICULARS OF CLAIM

1. The Claimant is a non-practising solicitor, having qualified in 1998. He is a founder of the Axiom Legal Financing Fund, an investment fund registered in the Cayman Islands, which provides loans to UK law firms. Until recently he was a director of Tangerine Investment Management Limited, which until recently managed the Axiom Legal Financing Fund.
2. The Second Defendant, incorporated in Florida, USA, is wholly owned by the First Defendant, a UK national. Together they are the publishers of an online newsletter "OffshoreAlert", which specialises in reporting about offshore financial centres from a website with the address www.offshorealert.com. The website has a substantial readership within England and Wales. Some articles on OffshoreAlert are available by subscription only, whereas some are accessible to any user of the internet.
3. On 6 November 2012 the Defendants published on the OffshoreAlert website the following words which are defamatory of the Claimant:

A Message to Investors of Axiom Legal Financing Fund

November 06, 2012 by David Marchant

The bad news is you have been defrauded of your investment in Axiom Legal Financing Fund. Your money has been embezzled by the Fund's controlling person, Timothy Schools, and other insiders. The sooner you accept this, the sooner you can start taking steps to recover some

of your losses. The worst thing you can do is hold out any hope that the Fund is going to get back on its feet. Trust me, that's not going to happen. It's inevitable that the Fund will go into liquidation.

The good news is that the level of incompetence, unprofessionalism and negligence by the Fund's advisers and those entrusted with looking after your interests is possibly the worst I have seen in 27 years as a journalist. This means that Axiom's liquidators, when they are eventually appointed, will almost certainly recover millions of dollars in damages from them or their insurers in lawsuits that I expect to be slam-dunks. Unfortunately, the liquidators and their own professional advisers will keep much of this as fees and costs. The eventual liquidation dividend to investors is likely to be much less than your losses. I'm sorry but that's just the nature of the beast and the price you must pay for investing in an overtly-ridiculous scheme that had red flags plastered all over it.

You, as investors, have no direct claims against the Fund's professional advisers. It is up to the liquidators to bring such actions on your behalf. If you do sue them, your actions will be stayed in deference to lawsuits filed by the liquidators. So don't waste your time, effort, or money pursuing this course of action.

You can, however, sue financial advisers and others who directly induced you to invest in this fraudulent scheme. Frankly, they are sitting ducks for successful litigation. Time is of the essence, though, since there will be a statute of limitations on filing a claim. For more details on suing a financial adviser for recommending a fraudulent investment product that was exposed by OffshoreAlert, I recommend that you read this informative blog from 2005 by Bevans law firm in England.

Good luck and learn this lesson: Before you invest in another scheme, do some credible due diligence.

4. The words complained of above were published on a page of OffshoreAlert which is accessible to any user of the internet. As of the date of this document the words remain accessible on the webpage with the address <http://www.offshorealert.com/axiom-legal-financing-fund-asset-recovery.aspx>.
5. On 12 November 2012, in response to a comment at the foot of the article set out above by a reader who wrote "*Dear David So are you saying that the whole of the fund has been embezzled by Schools et al?*" the Defendants published the following further words which are defamatory of the Claimant:

Much or most of the investors' funds appear to have been embezzled.
This was an extremely crude fraud.

6. In their natural and ordinary meaning the words complained of in paragraphs 3 and 5 above meant and were understood to mean that the Claimant has committed a fraud on investors in the Axiom Legal Financing Fund, embezzling much or most of their money.
7. On 19 November 2012 the Defendants published on the OffshoreAlert website a further article defamatory of the Claimant. The words set out below are complained of. The entire article will be relied on for the proper context and meaning of those words:

Axiom fraud leaves offshore providers exposed to massive claims for damages

...

The Cayman Islands-domiciled Fund appears to have had no substance on any level, with investors' money being embezzled by the Fund's controlling person, British attorney Timothy Schools, and other insiders almost as soon as it was received. They had a "rape and pillage mentality", said a source who once worked for the group.

...

Many of the invoices on behalf of Noble Finance, Sadira, and Check Mate Audits were sent to Tangerine Investment Management by Niloufar Rahbari and Edith Rojas, of Portland Financial Management, a Geneva-based self-described "Family Office and Fiduciary Services" firm that, as of April 5, 2012, became the sole director of Check Mate Audits, a company jointly owned by Tim and Claire Schools that was used to defraud millions of pounds from Axiom's investors

8. In their natural and ordinary meaning the words complained of in paragraph 7 above meant and were understood to mean that the Claimant has embezzled and defrauded millions of pounds from investors in the Axiom Legal Financing Fund.
9. By reason of the publication of the words complained of the Claimant has suffered grave damage to his reputation and severe distress.

10. In support of his claim for damages, including aggravated damages, the Claimant will rely on

10.1. an email from the First Defendant to the Claimant's solicitors dated 17 November 2012, in which the First Defendant threatened the Claimant's daughter, saying that should the Claimant even threaten libel proceedings against either Defendant, he would make the Claimant's daughter "a central target of my considerable investigative skills".

10.2. the attempt by the Defendants to reinforce that threat by referring to the Claimant's daughter in the article of 19 November 2012 referred to above at paragraph 7.

11. Unless restrained the Defendants will further publish or cause to be published the words complained of or similar words defamatory of the Claimant.

AND the Claimant claims:

(1) Damages, including aggravated damages, for libel

(2) An injunction to restrain the Defendants whether by themselves their servants, agents, officers (in the case of the Second Defendant) or otherwise howsoever from publishing or causing to be published or authorising the publication of the said or similar words defamatory of the Claimant.


SIMON MYERSON QC

JACOB DEAN

STATEMENT OF TRUTH

The Claimant believes that the facts stated in these particulars of claim are true.

I am duly authorised by the claimant to sign this statement

Signed...  ... Dated... 22/11/12

Served this day of 2012

Response pack

You should read the 'notes for defendant' attached to the claim form which will tell you when and where to send the forms

Included in this pack are:

- either Admission Form N9A (if the claim is for a specified amount) or Admission Form N9C (if the claim is for an unspecified amount or is not a claim for money)
- either Defence and Counterclaim Form N9B (if the claim is for a specified amount) or Defence and Counterclaim Form N9D (if the claim is for an unspecified amount or is not a claim for money)
- Acknowledgment of service (see below)

	Complete
If you admit the claim or the amount claimed and/or you want time to pay	the admission form
If you admit part of the claim	the admission form and the defence form
If you dispute the whole claim or wish to make a claim (a counterclaim) against the claimant	the defence form
If you need 28 days (rather than 14) from the date of service to prepare your defence, or wish to contest the court's jurisdiction	the acknowledgment of service
If you do nothing, judgment may be entered against you	

Acknowledgment of service

Defendant's full name if different from the name given on the claim form

Name of court	
Claim No.	
Claimant (including ref.)	
Defendant	

Address to which documents about this claim should be sent (including reference if appropriate)

	If applicable
	Telephone no.
	Fax no.
	DX no.
	Your ref.
Postcode	<input type="text"/>

E-mail

Tick the appropriate box

- I intend to defend all of this claim
- I intend to defend part of this claim
- I intend to contest jurisdiction (My) (Defendant's) date of birth is

If you file an acknowledgment of service but do not file a defence within 28 days of the date of service of the claim form, or particulars of claim if served separately, judgment may be entered against you.

If you do not file an application to dispute the jurisdiction of the court within 14 days of the date of filing this acknowledgment of service, it will be assumed that you accept the court's jurisdiction and judgment may be entered against you.

If served outside the jurisdiction see CPR rule 6.35 and 6.37(5).

Signed

Position or office held (if signing on behalf of firm or company)

(Defendant)(Defendant's solicitor)(Litigation friend)

Date

Notes for defendant on replying to the claim form out of the jurisdiction

Please read these notes carefully - they will help you decide what to do about this claim.

Further information may be obtained from the court in a series of free leaflets.

- If this claim form was received with the particulars of claim completed or attached, you must reply within the time limits set out in CPR 6.35 (2),(3),(4) and practice direction B of Part 6 of the CPR for further information see the following web address for details http://www.justice.gov.uk/civil/procrules_fin/index.htm. If the words 'particulars of claim to follow' are written in the particulars of claim box, you should not reply until after you are served with the particulars of claim (which should be no more than 14 days after you received the claim form).
- You may either:
 - pay the total amount i.e. the amount claimed, the court fee, and solicitor's costs (if any)
 - admit that you owe all or part of the claim and ask for time to pay, or
 - dispute the claim
- If you do not reply, judgment may be entered against you.
- The notes below tell you what to do.
- The response pack will tell you which forms to use for your reply. (The pack will accompany the particulars of claim if they are served after the claim form).
- Court staff can help you complete the forms of reply and tell you about court procedures. But they cannot give legal advice. If you need legal advice, for example about the likely success of disputing the claim, you should contact a solicitor or a Citizens Advice Bureau immediately.

Registration of Judgments: If this claim results in a judgment against you, details will be entered in a public register, the Register of Judgments, Orders and Fines. They will then be passed to credit reference agencies which will then supply them to credit grantors and others seeking information on your financial standing. **This will make it difficult for you to get credit.** A list of credit reference agencies is available from Registry Trust Ltd, 173/175 Cleveland Street, London W1T 6QR.

Costs and Interest: Additional costs and interest may be added to the amount claimed on the front of the claim form if judgment is entered against you. In a county court, if judgment is for £5,000 or more, or is in respect of a debt which attracts contractual or statutory interest for late payment, the claimant may be entitled to further interest.

Your response and what happens next

How to pay

Do not bring any payments to the court - they will not be accepted.

When making payments to the claimant, quote the claimant's reference (if any) and the claim number.

Make sure that you keep records and can account for any payments made. Proof may be required if there is any disagreement. It is not safe to send cash unless you use registered post.

Admitting the Claim

Claim for specified amount

If you admit all the claim, take or send the money, including the court fee, any interest and costs, to the claimant at the address given for payment on the claim form, within the time specified under CPR rules 6.35(2), 6.35(3), 6.35(4) or Practice Direction B of Part 6 of the CPR.

If you admit all the claim and you are asking for time to pay, complete Form N9A and send it to the claimant at the address given for payment on the claim form, within the time specified under CPR rules 6.35(2), 6.35(3), 6.35(4) or Practice Direction B of

Part 6 of the CPR. The claimant will decide whether to accept your proposal for payment. If it is accepted, the claimant may request the court to enter judgment against you and you will be sent an order to pay. If your offer is not accepted, the court will decide how you should pay.

If you admit only part of the claim, complete Form N9A and Form N9B (see 'Disputing the Claim' overleaf) and send them to the court within the time specified under CPR rules 6.35(2), 6.35(3), 6.35(4) or Practice Direction B of Part 6 of the CPR. The claimant will decide whether to accept your part admission. If it is accepted, the claimant may request the court to enter judgment against you and the court will send you an order to pay. If your part admission is not accepted, the case will proceed as a defended claim.

Claim for unspecified amount

If you admit liability for the whole claim but do not make an offer to satisfy the claim, complete Form N9C and send it to the court within the time specified under CPR rules 6.35(2), 6.35(3), 6.35(4) or Practice Direction B of Part 6 of the CPR. A copy will be sent to the claimant who may request the court to enter judgment against you for an amount to be decided by the court, and costs. The court will enter judgment

and refer the court file to a judge for directions for management of the case. You and the claimant will be sent a copy of the court's order.

If you admit liability for the claim and offer an amount of money to satisfy the claim, complete Form N9C and send it to the court within the time specified under CPR rules 6.35(2), 6.35(3), 6.35(4) or Practice Direction B of Part 6 of the CPR. The claimant will be sent a copy and asked if the offer is acceptable. The claimant must reply to the court within the time specified under CPR rules 6.35(2), 6.35(3), 6.35(4) or Practice Direction B of Part 6 of the CPR and send you a copy. If a reply is not received, the claim will be stayed. If the amount you have offered is **accepted** -

- the claimant may request the court to enter judgment against you for that amount.
- if you have requested time to pay which is not accepted by the claimant, the rate of payment will be decided by the court.

If your offer in satisfaction is **not accepted** -

- the claimant may request the court to enter judgment against you for an amount to be decided by the court, and costs; and
- the court will enter judgment and refer the court file to a judge for directions for management of the case. You and the claimant will be sent a copy of the court's order.

Disputing the claim

If you are being sued as an individual for a specified amount of money and you dispute the claim, the claim may be transferred to a local court i.e. the one nearest to or where you live or carry on business if different from the court where the claim was issued.

If you need longer than the time specified under CPR rules 6.35(2), 6.35(3), 6.35(4) or Practice Direction B of Part 6 of the CPR to prepare your defence or to contest the court's jurisdiction to try the claim, complete the Acknowledgment of Service form and send it to the court within the time specified under CPR rule 6.35(2), 6.35(3), 6.35(4) or Practice Direction B of Part 6 of the CPR. This will allow extra time see CPR rules 6.35(2), 6.35(3), 6.35(4) or Practice Direction B of Part 6 of the CPR from the date of service of the particulars of claim to file your defence or make an application to contest the court's jurisdiction. The court will tell the claimant that your Acknowledgment of Service has been received.

If the case proceeds as a defended claim, you and the claimant will be sent an Allocation Questionnaire. You will be told the date by which it must be returned to the court. The information you give on the form will help a judge decide whether your case should be

dealt with in the small claims track, fast track or multi-track. After a judge has considered the completed questionnaires, you will be sent a notice of allocation setting out the judge's decision. The notice will tell you the track to which the claim has been allocated and what you have to do to prepare for the hearing or trial. **Leaflets telling you more about the tracks are available from the court office.**

Claim for specified amount

If you wish to dispute the full amount claimed or wish to claim against the claimant (a counterclaim), complete Form N9B and send it to the court within the time specified under CPR rules 6.35(2), 6.35(3), 6.35(4) or Practice Direction B of Part 6 of the CPR.

If you admit part of the claim, complete the Defence Form N9B and the Admission Form N9A and send them both to the court within the time specified under CPR rule 6.35(2), 6.35(3), 6.35(4) or Practice Direction B of Part 6 of the CPR. The claimant will decide whether to accept your part admission in satisfaction of the claim (see under 'Admitting the Claim - specified amount'). If the claimant does not accept the amount you have admitted, the case will proceed as a defended claim.

If you dispute the claim because you have already paid it, complete Form N9B and send it to the court within the time specified under CPR rules 6.35(2), 6.35(3), 6.35(4) or Practice Direction B of Part 6 of the CPR. The claimant will have to decide whether to proceed with the claim or withdraw it and notify the court and you within 28 days. If the claimant wishes to proceed, the case will proceed as a defended claim.

Claim for unspecified amount/return of goods/non-money claims

If you dispute the claim or wish to claim against the claimant (counterclaim), complete Form N9D and send it to the court within the time specified under CPR rule 6.35(2), 6.35(3), 6.35(4) or Practice Direction B of Part 6 of the CPR.

Personal injuries claims:

If the claim is for personal injuries and the claimant has attached a medical report to the particulars of claim, in your defence you should state whether you:

- agree with the report or
- dispute all or part of the report and give your reasons for doing so or
- neither agree nor dispute the report or have no knowledge of the report

Where you have obtained your own medical report, you should attach it to your defence.

if the claim is for personal injuries and the claimant has attached a schedule of past and future expenses and losses, in your defence you must state which of the items you:

- agree or
- dispute **and** supply alternative figures where appropriate or
- neither agree nor dispute or have no knowledge of.

Address where notices can be sent

This must be either your solicitor's address, your own residential or business address in the United Kingdom or (if you live elsewhere) some other address within the United Kingdom.

Statement of truth

This must be signed by you, by your solicitor or your litigation friend, as appropriate.

Where the defendant is a **registered company or a corporation** the response must be signed by either the director, treasurer, secretary, chief executive, manager or other officer of the company or (in the case of a corporation) the mayor, chairman, president or town clerk.

