



**Investigative Report into
the Criminal Activities of**

**Michael HOWARTH
John GURNEY
and Others**

January 2008



PREFACE

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1. EXECUTIVE SUMMARY

This Executive Summary represents an overview of an ongoing investigation conducted into the criminal activities of the following individuals: -

- Michael HOWARTH; and
- John GURNEY.

The above named are being assisted in their current criminal enterprise focusing on the QGM GROUP LLC Shipyard in the HAMRIYA Free Trade Zone, Sharjah UNITED ARAB EMIRATES by the following individuals: -

- Anthony BROMHAM;
- Christopher WALTON;
- Jake SCHIMBERG; and
- Murray CLARK.

Currently, all the above named individuals are playing various roles in a conspiracy to defraud and extort money from a Norwegian company titled THULE Drilling ASA which has three (3) jack-up Oil Rigs in the QGM Shipyard, either being repaired or constructed. By intentionally and recklessly causing delays to the dates when the Rigs can eventually be commissioned, this creates opportunities for the above named individuals to make unwarranted demands - otherwise known as extortion - for further monies to maintain the Shipyard to an operational level and process the Rigs towards eventual commission. THULE has been presented with an invoice for \$100 million on one day in September 2007, and then four days later is presented with another invoice for \$140 million. Although received by THULE in October 2007, yet another stated the company owed QGM \$51 million, all based on fraudulent created invoices.

Thus far THULE Drilling ASA has resisted these criminal overtures and filed various criminal complaints with the judicial authorities in Sharjah. However, not to be undermined by THULE's resistance to their ongoing criminal enterprise, there is further evidence annexed to this investigative report which clearly demonstrates in their quest to obtain funds by whatever means, they are now resorting to applying for loans from Financial Institutions in the Middle East by fraudulently creating invoicing to demonstrate the Shipyard actually has creditors who are



delaying the reconciliation of their invoices. The invoices act as a form of security and guarantee for the loan.

The 'criminal minds' behind these current enterprises are HOWARTH and GURNEY, who have a documented history of Fraud, Market Abuse and Money Laundering. They both have a history of defrauding unwitting victims to invest in projects which never exist. They evade arrest and prosecution by law enforcement authorities by developing fraudulent schemes which are multi-jurisdictional and involving a plethora of offshore special purpose vehicles. This creates difficulties for law enforcement in being unable to evidence the real jurisdiction of the crime.

THULE itself has been presented with fraudulently created invoices, accompanied by unwarranted demands that if the invoices are not reconciled, their three Rigs will be sold to third parties or even scrapped. Part of the false invoicing scheme presented to THULE was also designed to undermine their financial performance and manipulate it towards a difficult trading position where the value of the company would reflect this, enabling HOWARTH and GURNEY to mount a potential takeover.

Indeed, the difficulties experienced with QGM by THULE have created a difficult trading position with THULE suffering losses probably in the region of \$80 million USD in operating revenues and exceptional costs. As a consequence, the share price has plunged roughly 70%, considerably reducing the overall value of the company. We maintain good contacts with Banks in the UK Financial Services Sector and we were surprised to learn certain UK and US Banks were aware of the QGM Shipyard difficulties and were monitoring the situation. Discreet enquiries revealed some have THULE Bonds in their Debt Security portfolios, which now explains their interest. Based on the current volatility in the financial markets, Senior Bankers responsible for monitoring Operational Risk were beginning to take an interest in the situation as they try to limit losses emanating from CDO's linked to the US sub-prime mortgage crisis and see whether their 'risk' models could have predicted these type of difficulties earlier.

However, any THULE takeover by MH and JG would have been mounted by convincing investors to loan capital sums in which their monies would have been guaranteed by using the shares of ACI GLOBAL Corporation as security or a supposed Saudi Arabian Initial Public Offering (IPO) to generate capital for the construction of the largest Shipyard in the Middle East, capable of constructing up



to six Rigs primarily for ARAMCO. This was to be promoted by the ACI Group companies. The reality of ACI is it is simply a typical US 'penny share' company, traded on the US OTC Bulletin Board, with most of the shares being held by members of the ACI Board; subsidiary ACI companies and ultimate beneficial owner, namely HOWARTH.

ACI itself was built on the foundation it had created a revolutionary technology involving converting scrap rubber tyres to rubber powder and then recycling the same to create rubber based products. HOWARTH explained the company had spent \$60 to \$70 million developing the technology and the company was then going to embark upon building factories in the US; Middle East; and Asia. Each Unit would cost in the region of \$2 billion to build and make operational. Revolutionary technology adhering to 'green' environmentalist principles would surely be a winner with potential investors. However the reality was ACI never had access to the technology. This was held by a German company called INTEC and even then, no Academic could show the process was actually viable. HOWARTH had latched onto the technology simply because the previous name of his UK ACI company had been INTEC.

The fact is that neither HOWARTH nor GURNEY owns any proprietary right or interest in such technology, as indeed neither does ACI Global Corporation. The suggestion that the stated amount has been deployed on research and development is completely false and untrue and proven to be so by virtue of an e-mail between these two criminals dated 18th June 2007, whereby GURNEY states "Give some serious thought to the fact that the technology never transferred to ACI because ACI never received funds that were contracted for that would have paid for the technology". These criminals simply stole the concept and through the medium of artificially created companies and documentation have succeeded in deliberately misleading and defrauding investors and shareholders in New Zealand, Australia, USA, UAE and other jurisdictions.

HOWARTH has utilised a number of procedures to avoid detection by investors and shareholders who have been defrauded by him. Primarily he has transferred, closed down or changed the name of these companies used as the original vehicle and created new ones and changed the name several times. We determine the only logical reason for such changes being to confuse and complicate any legal remedies normally available for the shareholders that have been defrauded.



To our knowledge, none of the numerous investors and shareholders in the various projects and companies created by HOWARTH and GURNEY and Gurney has ever received any return on their investment. To the contrary, they have lost their investment and they have not been able to seek any remedies due to the web of companies used.

Their Market Abuse activity manifests itself in the form of persuading individuals and companies to invest in ACI GLOBAL Corporation, which is listed as a 'penny share' in the US. Making false representations to investors to coerce them into investing in ACI is not done with the purpose of capitalizing the ACI to enable it to make strategic investments. It is done to stimulate market activity in the shares and drive the price up. With ACI having allegedly issued in the region of 3.5 million shares, it would probably be reasonable to assume HOWARTH; GURNEY and their close business associates held the majority of the shares and would therefore stand to gain significantly by upward price movements and then embark upon the classic 'Pump & Dump' and walk away with millions.

Our investigation has revealed not only do HOWARTH and GURNEY have an appetite for committing Economic Crimes, but our investigation has disclosed they make concerted efforts to undermine the integrity of the Judicial system, principally in Sharjah and the United States. This manifests itself in the form of corrupting Court officials and the giving of perjured evidence, with the object of perverting the course of Justice. Their corruption activities appear also to extend to Civil Servants in the local Government.

Other derivatives of their fraudulent schemes are based on the sale of land in the Bahamas, where investors are convinced to loan significant funds to HOWARTH and GURNEY, who use a special purpose vehicle titled MH properties Ltd, which owned and operated by HOWARTH. Inflated valuations and fabricated due diligence reports are created to coerce the unwitting victim they are getting a good deal. An option package to 'buy-back' the land is often added to Loan Agreement providing a further level of comfort and security to the purchaser. Sometimes, both men will additionally secure the loan against properties they have tenuous connections to in other jurisdictions. However, the real fraud is in the 'small print', which discloses the valuation is only good if clear title to the land can be established. Obviously HOWARTH and GURNEY can never establish clear title, but several people have been defrauded and never seen the return of their funds.



In 2007 HOWARTH and GURNEY wanted to enter the Malaysian offshore Energy Market and approached SCORPION INTERNATIONAL, a company operating and constructing a fleet of ultra-premium jack up offshore drilling rigs IN THE Malay sector. HOWARTH and GURNEY created a special purpose vehicle, which indicated it could obtain drilling licences and acquire skilled offshore Oil workers to enable it to operate Rigs. ACI was inserted between SCORPION and the SPV and tied SCORPION into contracts. HOWARTH and GURNEY simply did not have the experience in such an industry sector, which resulted SCORPIO's position being corrupted in the Malaysian market.

We lastly turn briefly to the role of BROMHAM and WALTON. Poor management practices at Sharjah Shipyard operated by QGM and in which the afore-mentioned were beneficial owners of 49%, had led to delays and cost overruns on the THULE Rigs. This had created financial difficulties and in September 2006, THULE offered QGM a \$22 million USD loan. The Agreement stipulated in the event of a default, THULE would call in a Share Charge on 100% of the shares of QGM-BVI, a company which held BROMHAM and WALTON's 49% shareholding in QGM. The Agreement also included acquiring the 51% shareholding of the local Sharjah sponsor.

After various in predicating April 2007, THULE issued a Notice of Default. Within days, WALTON signed an Agreement with THULE to honour the Share Charge on the QGM-BVI entity. However, shortly after and unbeknown to THULE, BROMHAM and WALTON transferred their 49% shareholding to another QGM company registered in the Sharjah Free Trade Zone. This rendered THULE' Share Charge worthless. Ironically, the law firm who had advised on the placement of the Share Charge were the same firm who transferred the 49% shareholding from QGM to the Free Trade Zone.

From our investigation, it appears HOWARTH and GURNEY have managed to secure a foothold into a commercial enterprise in the Emirate of Sharjah. No doubt they have wholly misrepresented their true net worth; business development skills; overall commercial acumen; and their knowledge of the jack-up Rig market to BROMHAM; WALTON; SCHIMBERG and other Senior Managers at QGM such as Messrs FRICKMAN; BUCHANAN; and CLARK. With these new found allies, HOWARTH and GURNEY have acquired the services of unwitting dupes, who they will use to unwittingly facilitate their fraudulent schemes.



For HOWARTH and GURNEY as Fraudsters; Market Abusers; and Money Launderers, QGM and its Shipyard will be a dream come true. It represents the first solid asset and commercial enterprise they have ever had access to. With QGM behind them as a base, they are now in a position to reach out to the world and suborn unwitting investors to invest significant sums of money in the fraudulent schemes they will create, in which the Shipyard will play a pivotal role and no doubt through which the proceeds of their frauds will be laundered.

The cover of the Shipyard will also provide them with the cover to defeat the due diligence processes carried out by the World's Banks. And lastly, they will begin collateralising assets within the Shipyard to obtain generous loans on favourable terms, only for the inevitable loan default to surface shortly after HOWARTH and GURNEY have left the Emirate of Sharjah for good.

We are already aware HOWARTH is using a Sharjah based Law Firm's client account to receive and store funds. The likelihood these funds represent the proceeds of a fraud from another jurisdiction are 'high'.

In conclusion, HOWARTH and GURNEY pose an 'unacceptable risk' to the reputation and integrity of the Emirates. The Emirates is not a natural conduit or repository for the proceeds of Economic Crime, but HOWARTH and GURNEY are the first. They will know other Fraudsters who will travel to the Emirates to enjoy the success; the security; and the cover, currently being enjoyed by HOWARTH and GURNEY.

2. INTRODUCTION

2.1. RISC was originally instructed in August 2007 by a London based International Law Firm to carry out due diligence into the following named individuals: -

- **Michael Edward HOWARTH - (MH)**

Aged 57 years (b: 27/08/1950)

Australian National

and

- **John Leonard GURNEY - (JG)**

Aged 59 years (b: 05/04/1946)

UK National

2.2. The circumstances of the instruction as given to us was the Law Firm - (our client) - had been instructed to represent the interests of a 'high net worth' client who had been approached by the above named individuals who were seeking to raise finance in the form of loans amounting to £5 million.

2.3. The loans were intended for use in capitalizing a shipyard in Sharjah, UNITED ARAB EMIRATES (UAE). To guarantee the loan in the event of default, the above named sought to use a variety of property based assets as security. Therefore, should a default develop, the client would be able to secure title to the property assets.

2.4. The property based assets essentially represented two distinct forms: -

(a) Tracts of land situated in the Bahamas; and

(b) UK based residential properties.

2.5. During our due diligence processes, RISC identified considerable information which clearly compromised the reputation and integrity of the above named individuals. Additionally, we identified 'title' anomalies in both the Bahamas and UK based property assets.

- 2.6. Our principal conclusions when we reported to our Law Firm client was: -
- (1) Based on the previous reputation and integrity of the above named, there was a high probability of a full repayment default;
 - (2) Based on the 'title' anomalies, there was a high probability 'title' could not be secured on the properties annexed to the loan agreement.
- 2.7. Our Due Diligence report concluded that to enter into a loan agreement with the above named represented an 'unacceptable risk' and any and all negotiations should be terminated forthwith. We are pleased to report our advice was heeded.
- 2.8. Notwithstanding the conclusion of the above Instruction, RISC made a strategic decision to continue monitoring the activities of the above named and gather additional information as and when it became available. Our monitoring and information gathering processes have largely represented a continuing investigation, which now spans a period of six months.
- 2.9. This Investigative report principally focuses on the criminal activities of the above named over several years. Currently, they have involved themselves in the management of a shipyard in Sharjah. Based on information provided to us recently, the following can be considered as Co-Conspirators of the above named in their current criminal enterprise: -
- **Anthony BROMHAM - (AB);**
 - **Christopher WALTON - (CW);**
 - **Jake SCHIMBERG - (JS); and**
 - **Murray CLARK - (MC).**
- 2.10. The criminal activities carried out by **MH** and **JG** can be summarised as follows: -
- (a) Fraud - in the form misrepresentation; failing to disclose information; and abuse of company position with intent to cause loss to Investors; Partners; and Shareholders in ACI Global Corporation in connection with various ACI or associated company projects;

- (b) Market Abuse - in the form of the fraudulent manipulation of the ACI Global Corporation share price - colloquially known as a “Pump & Dump” scheme in which investors are defrauded;
 - (c) Forgery - in the form of creating documents and invoices for the purpose of deceiving investors and misleading financial institutions;
 - (d) Blackmail - in the form of making unwarranted demands for money - both of individuals and companies;
 - (e) Corruption - in the form of compromising the integrity of Public Officials.
- 2.11. Much of the Investigation is supported by reference to a series of documents and material contained within appendices. The documents or material have been sourced from the following: -
- 1. Publicly available material;
 - 2. Parties with knowledge; exposure; or interaction;
 - 3. Blog sites; and
 - 4. Confidential Human intelligence.
- 2.12. Insofar as 4 above applies, the sources used must remain confidential to RISC as, based on the past associations of **JG** - alluded to later in this report - their continued future welfare could not be guaranteed.
- 2.13. This introduction is followed by the following sections: -
- Section 3: - Profile of RISC Management Limited;
 - Section 4: - Profile of Investigator;
 - Section 5: - ACI Global Corporation;
 - Section 6: - Thule Drilling ASA;
 - Section 7: - Bahamas Land Assets;
 - Section 8: Malaysian Oil Rigs; and
 - Section 9: - Sharjah Oil Rigs - Thule Drilling ASA.

3. Profile of RISC Management Limited

- 3.1. The RISC Group is an established International Risk Management and Investigations Consultancy, with its Head Office located in Central London.
- 3.2. RISC is staffed by former law enforcement officers, research analysts, IT and physical security professionals, claims investigators and risk consultants. The RISC Group has twenty five staff based in the UK, personally recruited for their particular field of expertise, augmented by a worldwide network of companies and strategic alliances affording flexibility and capability on an international scale.
- 3.3. The company is divided into six core business areas: -
- Anti-Money Laundering, Regulatory Compliance and Asset Recovery;
 - Business Intelligence & Research;
 - Corporate Investigation and Litigation Support;
 - Security Risk Management;
 - Cyber Risk Analysis and Computer Forensics; and
 - Insurance Claims Investigation and Risk Control Surveys.
- 3.4. RISC is highly experienced in all disciplines associated with business consultancy, business continuity, IT and security crisis management, corporate and media investigation, media training, due diligence and business intelligence, across a wide and diverse range of industry sectors.
- 3.5. Our core clients come from UK and European Financial Services Sector and include Banks, Accountancy and Auditing practices, International Law Firms, Multi-National companies and 'high net worth' individuals. Group turnover is in excess of £5 million per annum.
- 3.6. RISC Management Limited is a limited liability company incorporated in England and Wales, registered for VAT purposes and with Professional Indemnity Insurance cover underwritten by HISCOX, a Lloyds underwriting syndicate.

4. Profile of Investigator

- 4.1. Cliff KNUCKEY is the Managing Director of RISC Management Limited and is responsible for the company's operations in their entirety. His expertise is Anti-Money Laundering; Regulatory Compliance and Asset Recovery.
- 4.2. Previously a Detective Inspector with more than 30 years of experience, he set up and led Scotland Yard's highly acclaimed Money Laundering Investigation Team. His radical approach to investigating money laundering with the objective of establishing the illicit provenance of money and assets, the Team achieved considerable success in seizing the proceeds of crime and prosecuting many career criminals and professional business service providers who facilitated money laundering. The investigative strategies developed are now used as a template by law enforcement agencies throughout the UK and parts of Europe.
- 4.3. He has an extensive background of working nationally and internationally on money laundering, terrorist financing and economic crime investigations with law enforcement and Regulators in the financial services sector. Recognised as a leading expert in identifying money laundering patterns and typologies, he has frequently been called upon to assist clients in evaluating client funds and developing strategies to control or mitigate operational, reputational, legal and collateral risks.
- 4.4. He has lectured and trained both nationally and internationally to clients on the implementation and operation of anti-money laundering, counter terrorist financing and anti-fraud systems and controls with much of the training focused upon the practical application of AML systems and controls. He has also trained law enforcement agencies and Regulators, with particular emphasis on how to identify the 'red flags' indicative of money laundering and fraud. He has also been a member of the United Kingdom's Society of Advanced Legal Studies 'Terrorist Financing' Working Group.
- 4.5. Highlights of his work in the past have been: -
- Retired in November 2003 having served 30 years at New Scotland Yard, primarily investigating international organised crime;
 - Recognised nationally and internationally as the UK expert on Money Laundering investigative techniques;

- Led an investigative unit of 30 Detectives which recovered annually on average £80 million directly representing the proceeds of crime;
- As Senior Investigating Officer, led complex, sensitive and ‘high profile’ international investigations, often in partnership with foreign law enforcement agencies and regulators;
- Worked with the UK Home Office on drafting and implementing Part 7 (Money Laundering) and Part 8 (Investigative Powers) of the Proceeds of Crime Act 2002;
- Part of the UK Police Working Group responsible for influencing UK Government’s response to the EU Anti-Money Laundering Directives;
- Developed a National Course to train UK law enforcement officers in the investigation of Money Laundering, together with training assignments in Chile, Israel, Russia, United States and several European Union and Accession Countries,
- Lectured nationally and internationally on Money Laundering and Economic Crime methodologies to a diverse range of financial service sector professionals and law enforcement;
- Regularly called upon by financial institutions to conduct audits of anti-money laundering compliance systems prior to visits by UK Regulators;
- Worked in partnership with multi-national corporations to put in place anti-money laundering compliance systems to counter laundering through trade related activities;
- Major contributor to the 2003 KPMG review of the National Criminal Intelligence Service and the UK ‘Suspicious Activity Reporting’ regime;
- Member of the UK ‘Society of Advanced Legal Studies’ Working Group focusing on Terrorist Financing post 9/11, to advise the UK Government on strategies and tactics for combating the same; and
- Written numerous published articles on Anti-Money Laundering and used by BBC and Sky News on Money Laundering topics.

5. ACI GLOBAL Corporation

- 5.1. Michael HOWARTH (MH) is the Chief Executive Officer (CEO) of ACI GLOBAL Corporation, a public company whose shares are traded on the United States OTC (Over the Counter) Bulletin Board under the symbol 'ACGJ'. The current share price as of January 2008 is \$0.02, whilst in January 2007 the shares were trading at \$2.00.
- 5.2. There are several ACI branded companies; subsidiaries and holding structures incorporated in different jurisdictions, including Hong Kong; United Kingdom; Germany and the British Virgin Islands. With the assistance of Patrick ADAIR - a US based Attorney - Trusts / Foundations are believed to have been established in Liechtenstein and Switzerland.
- 5.3. MH is the CEO of ACI GLOBAL Pte Limited - a private company incorporated in Hong Kong and currently describes himself as Chairman of QGM GROUP LLC incorporated in Sharjah. He holds similar positions in associated companies. In the past, he has described himself as the Chief Financial Officer of a company called INTEC AG incorporated Germany.
- 5.4. We have established in 1984/5 MH was convicted in the United States of cheque fraud, in which he compromised his employers checking account in the sum of a few thousand US Dollars and was eventually sentenced to 6 months imprisonment.
- 5.5. The following facts clearly outline offences of Fraud and Market Abuse, in which misleading public announcements were used to artificially inflate the share price of ACI GLOBAL on the US OTC Bulletin Board.
- 5.6. In recent years MH has publicly announced a German subsidiary of ACI GLOBAL Corporation titled ACI Corporation AG - which has been 'struck off' the German Corporate Register - had been involved in the development of revolutionary cryogenic technology in which scrap tyres and other suitable rubber based products could be reduced to powdered rubber.
- 5.7. The powder could be mixed with other primary based rubber materials to create new rubber based products. Ordinarily, this would represent a classic recycling

exercise, but the claims of MH have never been proven or the technology ever audited by an independent and objective professional source, despite his unsubstantiated assertions in various documents and even in evidence before the High Court in the UK.

- 5.8. MH claimed - although this has never been substantiated - the cost of the technology was developed at a cost of between \$60 to \$70 million US Dollars. Such a claim would create the illusion ACI GLOBAL Corporation had access to considerable financial resources. Claims of a revolutionary technology and considerable financial resources were designed to persuade potential investors to invest in the shares of the company, thereby driving the share price up.
- 5.9. To exploit this allegedly new revolutionary technology, MH claimed ACI GLOBAL Corporation was on the verge of building factories in the USA, Middle East and Asia. The total capital expenditure for each factory was to be in the region of \$2 Billion US Dollars. MH has made claims in ACI GLOBAL correspondence that the company will be building factories in both Bahrain and later Sharjah. However to date, no factory has ever been built.
- 5.10. In recent years MH has persuaded potential investors to invest in the shares of ACI GLOBAL Corporation, which resulted in the share price increasing on the US OTC Bulletin Board.
- 5.11. **It is important to note the claims of alleged ownership of the outlined revolutionary cryogenic technology and the associated development costs are made both by MH and John GURNEY (JG). Both claims are without foundation and this can be confirmed by reference to an e-mail dated 18/06/2007 from JG to MH: -**

“Give some serious thought to the fact that the technology never transferred to ACI because ACI never received funds that were contracted for that would have paid for the technology”

- 5.12. The above narrative goes on to identify the technology belonged to a German company, who we have identified to be INTEC MICRO POWDER AG.

- 5.13. It should be noted INTEC MICRO POWDER AG is a legitimate German company, which has no connection with the ACI Group of Companies. The relevance of INTEC is in the fact MH claimed at a Meeting in West Virginia US he was the Chief Financial Officer of INTEC MICRO POWDER AG.
- 5.14. The entire narrative of this e-mail between JG and MH can be read in the appendix.
- 5.15. In order to evidence the above assertions regarding the misrepresentations being made by MH and JG, we have drawn together some publicly available material concerning the proposed development of a factory in Brunei. The factory has never been built.

Appendix 2: Joint press release by the Brunei economic development board and ACI Corporation dated 10 July 2005

Note: John Perry who issued the press release, is now on the Board of ACI

Source: <http://acibrunei.blogspot.com/>

Appendix 3: Questions and answer session for the signing ceremony between BEDB and ACI Corporation LTD

- 5.16. ACI GLOBAL Corporation announced on 5th July 2005 it had issued 315 million new shares in exchange for all the shares issued in GREEN MACHINE INVESTMENTS Limited, an ACI subsidiary company. The identity of the beneficial owners of the latter company is not disclosed, though it is strongly suspected they are or are related to MH and JG. We continue to work towards identifying the link.

Appendix 4: <http://www.theautochannel.com/news/2005/07/05/136888.html>

- 5.17. It is stated GREEN MACHINE, through its subsidiaries, the ACI Group of Companies, is a global leader in rubber recycling technology; the technology allowing used tyres to be processed into Micropowder(TM), which can be used in the subsequent manufacturing of new tyres and other rubber products.

Appendix 4 a: <http://www.internetautoguide.com/auto-news/25-int/13593/index.html>

- 5.18. As a result of the Brunei announcement at Appendix 2 above before the Brunei Economic Development Board dated 10th July 2005, the share price of ACI GLOBAL Corporation increased from USD \$1.39 on 27th July 2005 to USD \$3.25 on 15th August 2005. **We have calculated this to be an increase of 230 % in six weeks.**
- 5.19. Another significant increase in the share price is to be found at the start of 2007. The ACI GLOBAL share price increased from USD \$0.51 on 8th January 2007 to USD \$1.90 on 12th February 2007 - *see Appendix 5 below*. **We have calculated this to be an increase of about 370 % in just 4 weeks.** There is no logical reason for this dramatic price movement, but transfer of shares between ACI GLOBAL Group companies and shareholders closely associated with those companies is suspected by creating false market activity

Appendix 5: <http://markets.ft.com/tearsheets/performance.asp?s=ACGJ%3APNK>

- 5.20. In a prospectus issued by ACI GLOBL Corporation on 10th February 2006 and registered with the US Securities Exchange Commission (SEC), GREEN MACHINE is described as follows:

Appendix 6: *Green Machine Investments Ltd. (“Green Machine”) was incorporated in the United Kingdom (UK) in March, 2005. Green Machine is currently an inactive wholly-owned subsidiary of [the Company](#).*

- 5.21. From page 29 of the prospectus at Appendix 6, it appears the ‘struck off’ German company titled ACI Corporations AG, owns the intellectual property rights relating to the process for cryogenic processing of rubber.
- 5.22. Additionally, we have identified another publicly available document in which MH claims to be the Chief Financial Officer of the company named INTEC MICRO POWDER AG, operating in Germany. The claim was made by MH and is recorded in the transcript of proceedings related to a meeting before the West Virginia Economic Development Grant Committee. MH describes the plans of the INTEC Company to build cryogenic rubber recycling factories around the world. One factory was allegedly planned to be in West Virginia. The purpose of the hearing

was to enable MH to secure US government grants/aid money from the State of West Virginia.

Appendix 8: Transcript of proceedings before the WEST VIRGINIA ECONOMIC DEVELOPMENT GRANT COMMITTEE, held at the State Capitol, House Finance Committee Room, Charleston, West Virginia, at 9:00 a.m. on the 19th day of July, 2002.

- 5.23. Our investigation discloses MH has never been employed by the INTEC Company in Germany. Corroboration of this disclosure can be found in the prospectus of ACI GLOBAL Corporation, in there is no reference to INTEC. The misrepresentation was created by MH using the INTEC name based on the fact the UK Company titled ACI Corporation Limited was previously titled INTEC and marketed as the main Holding Company.

Appendix 7: <http://www.secinfo.com/d12TC3.v531.htm#1stPage> (page 41)

- 5.24. Perusal of the INTEC MICRO POWDER AG web-site in Germany discloses the company offers a cryogenic method of producing rubber powder from scrap tyres. There is no mention of any connection or links to MH' ACI Companies or his 'struck off' German ACI Corporation AG. Based on the above, **MH is using the company to misrepresent the rights to the technology.** There is also no evidence the technology is actually viable.

Appendix 9: <http://intec-ag-berlin.com/index.html>

- 5.25. Based on the circumstances outlined above, it is clear MH and JG, with others, are able to manipulate the share price of ACI GLOBAL Corporation on the OTC Bulletin Board. By making fraudulent misrepresentations to potential investors, they coerce them to invest in the shares, thereby driving up the value of the shares.
- 5.26. Whilst this investigation does not claim MH, JG and others sold their shares in the classic 'Pump & Dump' scheme, but an increased share value enabled them to claim to other investors that ACI GLOBAL Corporation had significant liquidity and reserves.

- 5.27. The increased share value would have also enabled MH and JG to better and more effectively use their artificially inflated shares as security when negotiating loans for other projects. This assertion is further supported by an e-mail from JG to MH dated 31st July 2007 in which it is stated: -

“There is a real deal here if we can knock it in the heads of the Norwegian. Get the ACI shares price moving - we might be able to do it in the short term with the ACI shares!!!!”

- 5.28. By way of background, **John Gurney** has previously been convicted of Conspiracy to Obtain Property by Deception in the UK and has been deported from the US. According to information from UK based confidential sources, he has several convictions and has served sentences of imprisonment, both in the US and in UK.
- 5.29. There is information that JG has worked of some of the most violent and dangerous criminals ever convicted in the UK. He can certainly be linked to the infamous ‘Brian WRIGHT’ Cocaine Trafficking Organisation by virtue of a bank draft issued on one of his company accounts, which was used to purchase a small yacht, which was later used to smuggle Cocaine into the UK. Please see the below appendices for relevant information: -

Appendix 1: Certificate of Conviction dated 14th December 2007 from the Crown Court of Middlesex relating to Fraud conviction in 1994.

Appendix 1a: http://en.wikipedia.org/wiki/Tommy_Adams

Appendix 1b:
http://www.channel4.com/news/articles/society/law_order/notorious+london+gangster+adams+jailed/285647?cntsrc=rss_news_285647%20%20Brian%20Wright

Appendix 1c: <http://gangstersinc.tripod.com/BrianWright.html> and Dennis Arif

Appendix 1d:
http://www.telegraph.co.uk/htmlContent.jhtml?html=/archive/1997/03/25/nboy125.html_m

5.30. In conclusion, we believe the following criminal offences have been committed by both MH and JG: -

(a) Fraud - misrepresentation of facts insofar as they related to the true position of ACI GLOBAL Corporation with the intention of causing loss or placing funds at risk of being lost by legitimate investors;

(b) Market Abuse - through the release of misleading information which would instil others to invest in ACI GLOBAL Corporation with the intention that MH, JG and others would benefit from the increased share price; and

(c) Money Laundering - all funds invested by legitimate investors can be construed as representing the 'proceeds of crime' in that the proceeds indirectly created a benefit for MH, JG and others.

6. THULE Drilling ASA

- 6.1. We have learned THULE Drilling ASA has recently been in receipt of a letter dated 25th October 2007 originating from QGM GROUP LLC in Sharjah UAE, together with copies of invoices, none of which had been previously received.
- 6.2. It was identified the serial numbers of the said invoices were not in chronological order. An invoice dated 30th June 2007 bore the serial number '23590', whilst an invoice dated the 31st May 2007 bore the serial number '23591'. The 'out of sequencing' of several invoices bore no correlation of dates to serial numbers.
- 6.3. It has also been noted during the period from 31st May 2007 until 25th October 2007, based on the serial numbers of the invoices, no other invoices have been issued to other customers.

Appendix 9a: Copy of a letter from QGM Group LLC to Thule dated 25 October 2007, the original which was never received by Thule.

- 6.4. In an e-mail dated 22nd April 2007 from Mr. Murray CLARK, Head of Finance for QGM GROUP LLC and copied to Mr. Colin BARDEN, Mr. Reuben SEGAL, Mr. Jake SCHIMBERG, Mr. Chris WALTON, Mr. Tony BROMHAM and Mr. Peter GJESSING, Murray CLARK describes the payment requirements for QGM GROUP LLC, including funds for the three jack-up rig projects THULE POWER, THULE FORCE and THULE ENERGY. Mr. CLARK explains QGM GROUP LLC is receiving funding from THULE to cover cost overruns and this will not impact on the project costs of THULE.

The e-mail is reproduced at **Appendix 9** and the narrative is as follows: -

"(...) Notes:

Transfer of funds.

I would like to clarify the nature of the types of transfers of funds that we currently receive:

- a) *Advances against progress on the Thule Energy and Thule Force*
- b) *Balance of monthly progress less advances on Thule Energy and Thule Force*
- c) *Payments against change orders agreed on Thule Power*
- d) *Loans from Thule Drilling to QGM group to complete Thule Power*

e) *Advances from Thule Drilling to QGM group to complete Thule Power*

Use of funds.

Funds received under a), b) and c) have been predominantly diverted to settle ongoing direct material and services on Thule Power, depriving Energy, Force and QGM of funds. Loans and advances have been used to pay all other types of expenditure, including salaries and wage, but have been inadequate to meet the local company needs.

Funds received under d) and c) increases the indebtedness to Thule Drilling of QGM group, and do not impact the project costs of Thule Drilling.

Salaries and Wages

There seems to be a misunderstanding about salaries and wages.

(...)

Monies have been advanced or loaned to QGM for this purpose, these amounts are outside of the contract price, remain as liabilities due to Thule Drilling, have no impact on Thule Drillings total contract cost of Thule Power, but are cost overruns on Thule Power which QGM is currently bearing.

Thule Drilling ARE NOT PAYING SALARIES AND WAGES OR OVERTIME, they are lending money to QGM at penalty interest rates (10.5 %), putting QGM into further debt (...).”

- 6.5. This e-mail is indicative of QGM lacking funds for its projects due to miscalculations, price increases etc, which cannot be laid off to THULE. All monies for the THULE projects are put into the THULE POWER project, leaving the other projects with no monies and therefore no progress. The lack of funds may be due to miscalculations, increased prices of raw materials or labour. **Notwithstanding this, it clearly demonstrates THULE was fulfilling its financial liabilities and obligations related to the contracts for THULE POWER, THULE FORCE and THULE ENERGY.**
- 6.6. Furthermore, in an e-mail from JG to Jake Schimberg dated 8th August 2007, it is clearly stated an attempt was made to buy THULE Drilling ASA. In order to succeed in achieving this objective, **it was agreed to bankrupting THULE or otherwise drive the share price down in order to lower the costs of successfully acquiring THULE Drilling ASA.**

The narrative of the e-mail is as follows: -

“(…)

1. *Michael spent this afternoon with stockbrokers in Oslo and they are preparing a bid for Thule which will be launched in about six week's time. **The challenge for us is to bankrupt Thule before that time.***
2. *Tomorrow morning we will prepare a plan and a budget for fighting Thule until the end of the year.*

(…)”

Appendix 9c: E-mail from Mr. John Gurney to Mr. Jake Schimberg dated 8th August 2007.

- 6.7. It should be mentioned THULE's auditor, ERNST & YOUNG, have reviewed THULE's payments to QGM GROUP LLC and concluded THULE has paid over and above its contractual obligations to QGM.

Appendix 9d: Statement from Ernst & Young.

- 6.8. It is apparent QGM GROUP LLC and in particular MH, has used false invoices to raise money from Investors and Banks. In an e-mail dated 3rd September 2007 from MH to Mr. Uday GUPTA of the NATIONAL BANK of DUBAI, MH attached an Executive Summary about the QGM Group LLC in which it is clearly stated THULE Drilling ASA owes QGM GROUP LLC the amount of \$106.000.000 million US Dollars.
- 6.9. In the email, MH explains QGM GROUP LLC has an immediate requirement to issue 'performance bonds' in favour of Bank MELLI Iran. Because the THULE invoices as explained earlier, this must be seen as an attempt to defraud the National Bank of Dubai to issue guarantees.

Appendix 9e: E-mail dated 3rd September 2007 from MH to Mr. Uday Gupta with encl.

- 6.10. A further Executive Summary drafted by MH, in which it is claimed THULE Drilling ASA owes over \$100 million US Dollars to QGM has also been forwarded to a Mr. Andy RUHAN, who lent the sum of £500,000 to MH and JG. Mr. RUHAN subsequently discovered the information contained within the Executive Summary had been fabricated has now served JG with a legal claim in the Courts in London.

6.11. The above circumstances clearly demonstrates that fabricated QGM GROUP LLC invoices in which THULE is purported to be the 'payee', are being used to induce certain individuals, organizations and companies in the UAE and elsewhere, to provides funds in the form of loans. Fabricated invoices would demonstrate to those parties that their funds would be secure, based on some later reconciliation of the invoices by THULE.

6.12. In conclusion, we believe the following criminal offences have been committed by both MH and JG: -

(a) Fraud - misrepresentation of facts insofar as creating the impression to third parties their funds would be secure if loaned to QGM because THULE would at some later stage reconcile the outstanding invoices, whereupon the loans would be repaid to the donors. This misrepresentation was carried out with the intention of causing loss to the donors, who would inevitably be told to lodge a formal claim against THULE.

(b) Money Laundering - all funds loaned to QGM as a result of the above detailed fraud can be construed as representing the 'proceeds of crime' in that the proceeds indirectly created a benefit for MH, JG and others.

7. BAHAMAS Land Assets

- 7.1. MH claims to own various tracts of land on the outlying islands of the Bahamas. These lands are owned through a Bahamian special purpose vehicle titled MH PROPERTIES Limited. We say at the outset of this Section that there are title disputes regarding the lands MH claims to own.
- 7.2. Based on their locations, they are frequently connected to alleged drug trafficking involving Cocaine and Cannabis via the Caribbean to the United States. It is alleged remote airstrips are used, as well as representing a ‘staging post’ for maritime vessels to victual and refuel.
- 7.3. According to the Drug Enforcement Agency (DEA), as much as two thirds of all Cocaine entering the US, transits the Bahamas because of its strategic location. It is common knowledge in the Bahamas and in relevant US transit destinations that the Bahamas has such strategic location.
- 7.4. The tracts of land in question and allegedly controlled by MH comprise of the following: -
- (i) Effie Estate;
 - (ii) A 750 acre parcel at Mangrove Cay Andros; and
 - (iii) Rum Cay.
- 7.5. There has been media attention in respect of activities linked to the properties, which are dealt with immediately below.
- 7.6. According to a local newspaper article, a one tonne Cocaine drug shipment was seized by the authorities. The drugs were seized aboard an unnamed 44-foot Catamaran, less than 2 miles off Rum Cay. Furthermore, in connection with the drug trafficking, the article describes the discovery of a murder victim, who had been chained to a cement block and submerged in the ocean. It is noteworthy according to one of the articles below that a new runway has been built at Rum Cay.

Appendix 10: <http://www.madcowprod.com/index51bb.html>

Appendix 11: http://www.bahamapundit.com/2005/10/the_effie_knowl.html

- 7.7. You will remember from paragraph 5.27 that JG himself has had a previous nexus to Cocaine trafficking.
- 7.8. Mr GREYLING, who is known associate of MH and who has previously been deported from the United States and his family control a Cayman Islands, based company titled CARIBBEAN INTERNATIONAL HOLDINGS Limited (CIH). This company has claimed to be the owner by either deed or contract to substantial land holdings throughout the Bahamas. However, there is a lack of clear title associated with the land. CIH entered into contractual arrangements with a company called E-PAWN to transfer the fictitious land holdings. The purpose of the transaction is believed to be to unlawfully inflate the value of E-PAWN based on the fact the E_PAWN shareholders were also shareholders of CIH.
- 7.9. The method of inflating values linked to property - (without clear title) - is normally related to verbal presentations to lenders, such as Banks or 'high net worth' individuals, which predicate an application for a loan. In such cases the contractual arrangements - which disguise the lack of clear title - will involve an inflated valuation and due diligence reports structured to mislead or misrepresent the problems associated with the title. Often, an option clause to repurchase at some later date is built into the contract to provide a 'comfort factor' to the Purchaser.
- 7.10. Security may be provided by a 'pledge' of shares in a (single purpose) company incorporated for the purpose of raising the loan. Such a company may be party to agreements which give the impression the company controls certain assets, which in fact do not guarantee the value of the loan or that which has been promised.
- 7.11. The following documents, which have been issued in relation to land detailed at 7.4., above and cogently display examples of attempted value inflation in respect of raising several loans: -

Appendix 12: Valuation dated 14th January 2005 for EUROPEAN AMERICAN SECURITIES Inc. for 750 acres of land at Mangrove Cay Andros, the Bahamas, for a joint venture between MH and Mr. GREYLING.

Appendix 13: Agreement dated 29th May 2005 between Leslie GRAYLIN/MH (as guarantor), Clinton GREYLING (as vendor) and Mr Henri Dana (as Nominee of Purchaser) regarding sale of the shares of PLATINUM LIFESTYLE Limited for £100,000., including a sale and buy back option.

7.12. Mr DANA declined the deal due to Sections 2 and 8 of the conditions detailed in the valuation report, which contained wording to the effect the valuation was subject to successfully resolving any adverse claims of title.

7.13. The following documents have been issued in relation to Bahamas land and display an example of possible security-related fraud in respect of a potential investment:

Appendix 14: Agreement dated 24th August 2007 between MH and JG (as borrowers) and UNICORN WORLDWIDE HOLDINGS Limited (as lender) regarding a loan facility in the maximum amount of £1 million, to be drawn down in two instalments of £500,000 each.

7.14. The second instalment was subject to the establishment of agreed security. *Inter alia*, MH Properties Limited must be the guarantor. The lender did not accept the drawdown of the second instalment because they did not find the list of security provided by MH and JG to be satisfactory. Apparently some of the security did not have the promised ownership/title and value.

7.15. After the said loan facility did not proceed, the borrowers reverted to a previous lender, Mr Stephen HALE. The first agreement with Mr HALE was dated 25th March 2007 and the second dated 17th September 2007: -

Appendix 15: Agreement dated 25th March 2007 between Mr Stephen HALE (as purchaser) and MH (as seller), regarding sale and option to repurchase the shares of MH PROPERTIES Limited.

Appendix 16: Amended sale and option to repurchase agreement dated 17th September 2007 between MH PROPERTIES Limited and Mr Stephen HALE.

7.16. It is worth noting that presumably the same pieces of land are used as security in respect of several different contracting parties.

7.17. The same landholdings have been subject to contractual arrangements in respect of the above mentioned agreements with Mr HALE, together with the following agreement with Mr Nabil FATTAL/ Mr John WEST/ FWG GROUP: -

Appendix 17 (Heads of Agreement) dated 13th July 2007 between MH PROPERTIES Limited and Mr Nabil FATTAL/ Mr John WEST/ FWG GROUP regarding property development and property acquisition by means of a Joint Venture company (Bahamas Land Development Company), entailing a \$9,000,000 million US Dollar consideration from FWG.

7.18. Mr FATTAL was contacted and alerted to the fraud and asked for evidence from a Lawyer regarding the title and to date. As far as our Investigation is able to establish, he has not been provided with documentary proof of clear title. As a result, he has requested the return of his deposit. At the time this report was compiled, he was still waiting for MH and JG to return his deposit, despite several requests.

7.19. In an e-mail dated 7th August 2007, JG wrote to a Mr. WEST stating they were looking to raise £5 million in connection with the acquisition of two companies in the rig-building business. Firstly, two investors should provide £1 million each as a first instalment under a larger commitment. According to JG, the nature of the investment opportunity and the risk involved was described as follows:

“The worst that can happen is a higher bid than ours comes along and we make a profit on the shares we have bought in the market.”

Appendix 18: E-mail dated 7th August 2007 at 12:51 hours from JG to Mr WEST

- 7.20. No evidence of any such acquisition has been seen, other than the alleged takeover of QGM GROUP LLC.
- 7.21. In conclusion, we believe the following criminal offences have been committed by both MH and JG: -

(a) Fraud - misrepresentation of facts insofar as creating the impression to third parties their funds would be secure if loaned to MH, JG and / or their companies in which clear and unequivocal title to tracts of land in the Bahamas were 'pledged', sometimes with a guarantee the loans were further secured by title to other properties in the event of a default. This misrepresentation was carried out with the intention of causing loss to the third parties.

(b) Money Laundering - all funds loaned to MH and JG as a result of the above detailed fraud can be construed as representing the 'proceeds of crime' in that the proceeds directly created a benefit for MH, JG and / or their companies in which they were the beneficial owners.

8. MALAYSIAN Oil Rigs

- 8.1. The following circumstances represents further acts of misrepresentation in the form of fabricated and unfounded information concerning the operation of ACI GLOBAL Corporation and their subsidiaries in the Malay offshore Energy sector. The misrepresentations had the effect of wholly corrupting the position of a company titled SCORPION INTERNATIONAL Limited in that sector.
- 8.2. On the 8th March 2007, SCORPION entered into Agency Agreement with CONTINENTAL COAST, a company controlled by MH. The aim of the Agreement was to engage CONTINENTAL to act on behalf of SCORPION as Agents to contract one or more of SCORPION's offshore drilling rigs to work on behalf of PETRONAS in the Malaysian offshore energy market. The drilling rigs were supposed to be rented to ACI GLOBAL Corporation, which in turn would rent them to PETRONAS for work on the Malaysian continental shelf.

Appendix 19: E-mail on 5 September 2007 from Mr. Jeremy LIDDELL to MH.

- 8.3. In the proceedings precedent to the agency contract, CONTINENTAL and ACI misrepresented they were capable and qualified to be capable of acquiring licenses required for marketing the rigs for use in Malaysia and that they had good access to skilled oil workers. There is some peculiar correspondence from JG where he signs on behalf of MH and makes representations about Jeremy LIDDELL, which may be relevant to this area of the investigation. If anything, it confirms and shows the relationship between JG, MH and LIDDELL.

Appendix 20: Letter from SCORPION Offshore to MH dated 1st August 2007.

- 8.4. Since CONTINENTAL was unable to neither acquire a license from PETRONAS nor acquire skilled oil workers, CONTINENTAL could not provide the services to SCORPION contemplated in the Agency Agreement. We are not sure, but this appears to have led to SCORPION being excluded from the 'jackup' market in Malaysia.

- 8.5. Ironically, JG appears to acknowledge to MH their misrepresentations in an e-mail dated 24th July 2007 in which JG wrote as follows: -

“When we first came to Malaysia Scorpion held a Petronas license. We rubbished their position and were going to have a contract for four or five rigs within a month.”

Appendix 21: E-mail from JG to MH dated 24th July 2007.

- 8.6. No contract was ever acquired by CONTINENTAL and the Agency Agreement was terminated.

9. SHARJAH Oil Rigs - THULE Drilling ASA

- 9.1. The following circumstances relate to placement of three orders for the repair of one 'jackup' Oil Rig named THULE POWER and the construction of two further 'jackup' Oil Rigs named THULE FORCE and THULE ENERGY. It is apparent the Contractor ran into financial difficulties, promulgating a negotiated \$22 million loan to the Contractor. Thereafter, various aspects of fraud were committed by a variety of individuals, including MH and JG.
- 9.2. In June 2005, THULE Drilling ASA entered into a fixed price rebuilding contract with QGM GROUP LLC (QGM) for the rebuilding of one cantilever jack-up drilling rig owned by THULE and named THULE POWER. This rig, which is almost ready for delivery, is situated in QGM's yard in the HAMRIYA Free Zone, Sharjah, UAE.
- 9.3. In 2006 THULE Drilling ASA followed the above order and entered into two fixed price construction contracts with QGM for the construction of two cantilever jack-up drilling rigs owned by THULE and named THULE FORCE and THULE ENERGY. These rigs are under construction and they are also situated in QGM's yard in the HAMRIYA Free Zone, Shajah, UAE.
- 9.4. The rebuilding of THULE POWER suffered significant delays and cost overruns. The construction of the two other rigs were also delayed and they also suffered from cost overruns, but less significant than for THULE POWER. On 27th September 2006, THULE Drilling ASA entered into a Loan Agreement with QGM, pursuant to which THULE agreed to provide additional funding in the form of a \$22 million US Dollar loan facility, in order to enable QGM to complete the work it was undertaking on all three of THULE's rigs.
- 9.5. QGM's parent company, a British Virgin Islands company titled **QGM BVI** acted as Guarantor under the Loan Agreement. At that time, QGM BVI owned 49% of the shares in QGM. The remaining 51% interest in QGM was held by Mr. BASTAKI, the local sponsor.

Appendix 22: QGM Group LLC's Memorandum of Association.

- 9.6. As security for the \$22 million us Dollar loan, the shareholders of QGM BVI, Mr. Anthony BROMHAM (AB) and Mr. Christopher WALTON, 'pledged' their shares in QGM BVI by way of a 'Share Charge'. The Share Charge was also executed on 27th September 2006. The Charge meant that in the event of a default under the Loan Agreement, or a cross-default under the rebuilding contract or construction contracts, THULE could exercise its security in the form of the Charge by taking ownership of the shares in QGM BVI and also 49% of the shares in QGM, so as to enable THULE to control QGM's yard and access its drilling rigs.

Appendix 23: Term of Loan Facility agreement in the aggregate maximum amount of \$22,000,000 USD dated 22nd September 2006.

- 9.7. The Loan Agreement provided that both QGM and QGM BVI would not approve any change of ownership of QGM. Furthermore, the Loan Agreement contained a representation that QGM-BVI controlled the shares in QGM held by the local sponsor, Mr. BASTAKI. This representation was incorrect. The shares held by Mr. BASTAKI were controlled by AB and CW through a Power of Attorney issued by Mr. BASTAKI.

Appendix 24: Power of Attorney issued by Mr. BASTAKI in favour of AB and CW.

- 9.8. On 22nd March 2007, THULE issued QGM with a 'Notice of Default' under the Loan Agreement. QGM never replied to the Notice of Default.

Appendix 25: Letter to QGM Group LLC, HAMRIYA Free Zone, UAE, dated 22nd March 2007.

- 9.9. On 16th April 2007, CW entered into an agreement to sell his shares in QGM BVI to THULE. In the agreement CW represented and warranted that QGM BVI was the

owner of 49% of the shares in QGM and that that would be the case also on closing of the transaction.

Appendix 26: Sale and Purchase Agreement between CW of Dubai, UAE and THULE Drilling ASA of Oslo, Norway.

9.10. On or about 23rd April 2007, after having received the Notice of Default under the Loan Agreement and in flagrant breach of that Agreement, CW and AB fraudulently procured the transfer of the 49% interest in QGM from QGM BVI to another company controlled by CW and AB in the HAMRIYA Free Zone titled QGM MANAGEMENT HOLDINGS FZC (QGM FZC).

9.11. This Share Sale Agreement was signed by both CW and AB and was carried out fraudulently to prevent THULE from acquiring its rights to own 49% of the shares in QGM (via QGM-BVI). **The Share Sale Agreement is also a clear breach of the representation and warranties given by CW in the agreement to sell his shares in QGM BVI to THULE by virtue of the signed Agreement dated 16th April 2007.**

Appendix 27: Agreement for Sale of Shares in QGM Group LLC dated 23rd April 2007.

9.12. THULE did not become aware of the fraudulent share transfer until after it had exercised the Share Charge and legally became the sole owner of QGM BVI. On 20th June 2007, after becoming aware of the fraudulent share transfer, THULE demanded the transaction be reversed.

Appendix 28: Letter to AB and CW, QGM Group LLC, dated 20th June 2007.

9.13. On 30th June 2007, QGM informed THULE the shipyard would be closed as of 23:59 hrs on 1st July 2007.

Appendix 29: Letter to THULE Drilling ASA, dated 30th June 2007.

- 9.14. The share transfer was carried out with the assistance of Mr. Jonathan SILVER of the UAE branch of the UK law firm CLYDE & Co, which incidentally was the very same law firm which assisted THULE in establishing the security for the \$22 mill US Dollar loan facility to QGM and who had advised THULE on that occasion that the share pledge represented adequate security. In other words, CLYDE structured the security for THULE and then subsequently compromised the structured security when assisting AB and CW in defrauding THULE.

Appendix 30: Letter from Mr. Chong with encl.

- 9.15. On 1st July 2007, THULE responded to QGM's letter of 30th June 2007 and requested the yard to reopen within 11:00 the next day.

Appendix 31: Letter to AB and CW, QGM Group LLC, dated 1st July 2007.

- 9.16. On 2nd July 2007, THULE informed QGM that it exercised its right under the rebuilding contract for THULE POWER to take control over the work and finalize it at the yard with QGM's workforce, material and equipment. On 31st July 2007, this was reiterated and the same rights were also exercised for the two other rigs.

Appendix 32: Letter to QGM Group LLC to AB, CW and Jake SCHIMBERG (JS), dated 2nd July 2007.

- 9.17. THULE Drilling ASA has a contractual right to take over the construction of the rigs by utilizing the material, equipment and workforce of the yard as per article 32.1 and 32.2 (a) of the construction contracts for its drilling rigs THULE POWER, THULE FORCE and THULE ENERGY.

Appendix 33: Construction Contracts for THULE POWER dated 17th March 2005.

Appendix 34: Construction Contracts for THULE ENERGY dated 15th January 2006.

Appendix 35: Construction Contracts for THULE FORCE dated 15th January 2006.

- 9.18. This right was exercised by THULE Drilling ASA by its letter of 2nd July 2007 to QGM Group LLC and several subsequent letters - *see appendix 32 above.*

Clause 32.1 and 32.2 (a) of the above mentioned contracts have the following wording: -

/The Contractor shall have no lien or similar right on or in respect of the WORK or any part thereof (whether completed or not) or in respect of any WORK Material and Equipment whether paid for in whole, in part or not at all, by the COMPANY or furnished by the CONTRACTOR for incorporation into the WORK, and_ shall release the same or any part thereof into the full control and custody of the COMPANY, when requested to do so by the COMPANY. (Our underlining)_/

/The CONTRACTOR shall upon requested by the COMPANY provide to the COMPANY without delay such workforce, materials, and equipment as may be needed to perform the WORK, or any part thereof, as requested, in the full control and custody of the COMPANY or to remove the WORK or any part thereof from the CONTRACTOR's SITE./

- 9.19. Following a Court Order taking any and all control and responsibility away from QGM and instead giving this authority to a Court appointed Guardian, confirms the obvious fact and breach by QGM that they (QGM Group LLC), have failed to maintain the rigs as per the contract. Clause 25.2 has the following wording:

/CONTRACTOR shall, from the commencement of the WORK, to the effective date of the FINAL ACCEPTANCE CERTIFICATE take full responsibility for the care of the WORK or WORK Materials and Equipment and should any (save in the case of Excepted Risks as defined hereunder) shall at its own cost and expense repair or replace the same so that at the time of the FINAL ACCEPTANCE CERTIFICATE the WORK shall be in good order and condition and in conformity in every respect with the requirements of the CONTRACT./

- 9.20. In addition we are referring to article 14 of the contracts with respect to QGM Group LLC obligation to care for material and equipment.
- 9.21. Finally, QGM has a contractual obligation pursuant to art. 53.3 (d) of the various construction contracts to continue the work on the rigs during disputes. QGM LLC has also been reminded of this obligation, but has failed to comply. In this respect, we are referring to the Notice of Dispute, dated 31st July 2007, a copy of which is enclosed for your ease of reference. Clause 53.3 (d) has the following wording: -

/Unless otherwise agreed, the COMPANY and the CONTRACTOR shall continue to perform their respective obligations and liabilities arising from or in connection with this CONTRACT during any the resolution of a DISPUTE by the PARTIES/

All of the above contractual terms have been completely ignored by QGM.

- 9.22. In July 2007, THULE was introduced to Michael Howarth, CEO of ACI GLOBAL Pte. Limited and John GURNEY by the previous CEO of THULE, Kai Solberg-Hansen, and shipbroker Odd Hagen. In July/August 2007, MH and JG met with THULE in Oslo and subsequently suggested a transaction with the following main features outlined from *para* 9.23 onwards: -

Appendix 36: E-mail from Kai Solberg Hansen dated 30/07/2007.

- 9.23. ACI GLOBAL Pte Limited would enter into an Option Agreement with the “controlling shareholders” for purchase of 27,500,000 shares in THULE in consideration of warrants worth 11,5 per share in THULE in ACI GLOBAL Corporation, convertible to shares in a contemplated Saudi float, or to cash less 10%, secured by shares in ACI GLOBAL Corporation. The number of warrants would be determined by the value of NOK 11,50 per warrant divided by the share price of ACI GLOBAL Corporation as of the date THULE POWER would leave Sharjah.

- 9.24. Throughout their presentation, whenever MH and JG made reference to the Saudi float, they would allude to the fact the IPO had the full support of some of the highest ranking members of the ruling Al-SAUD Royal family, whom they claimed to have met on several occasions. When probed on who they had met, MH and JG would not substantiate their claim.
- 9.25. Within 60 days from entering into the option agreement, ACI GLOBAL Pte Limited would make a bid for all the shares in THULE at NOK 22,63 per share.

Appendix 37: Offer letter from Michael Howarth undated but post 03/08/2007.

Appendix 38: Further offer letter from Michael Howarth undated.

- 9.26. The offer to the majority shareholders was not pursued by neither the THULE Board of Directors, nor the shareholders.
- 9.27. The “offer” from ACI GLOBAL Pte Limited contained the following background information on ACI GLOBAL Corporation and on the proposed Saudi float.

Background on ACI Global Corporation

ACI is a US public company with its stock quoted on the OTC market. The company has 323,000,000 shares issued and is capitalized at \$60,000,000.

The major shareholder of the US Public company is ACI Global Pte Ltd a Hong Kong Private company. ACI Hong Kong has substantial property interests as well as controlling ACI Global Corporation.

ACI Global Corporation has developed leading edge cryogenic technology to produce synthetic rubber. This technology which was developed at a cost of \$60-\$70,000,000 is in the process of being commercialized with plants to be announced later this year to be constructed in Malaysia and the Middle East.

Stage 1 of each project has a budgeted construction cost of \$800,000,000. Equity has been arranged and debt finance for the projects in the Middle East is to be arranged by Arab Banking Corporation.



The ACI share price is expected to move upward upon announcement of the company moving to construction stage in the next few months; first production is scheduled for 2009

The Saudi Float

We have been working with our partners in Saudi Arabia for some time on a floatation to be launched on the Saudi Arabian Stock Exchange immediately after the finish of Ramadan.

The floatation is for a new company which will build and operate a very substantial shipyard in Saudi Arabia. One part of this yard will be committed to becoming the world's largest supplier of jack-up rigs which will form a very large part of the future ARAMCO requirement and it is expected will supply other countries in the Persian Gulf as well. Initially only 20% of the production will come to us as rigs built to international specifications for lease anywhere in the world. This yard is considered to have key strategic importance to the Saudi national interest. A subsidiary company will operate the rigs. Obviously ARAMCO will be the main customer as they will have to give preference to Saudi built, owned, flagged and operated rigs.

An essential part of this floatation has to be acquisition of going concern businesses that contribute key component skills and business to the company. We are in the business of completing pre-floatation acquisitions to be incorporated in the prospectus and this includes two facilities for jack-up rigs and two shipyards. We would like to include Thule but obviously it would be impossible to include it in the floatation without first returning it and the Sharjah business to normal trading operations, hence the pre-acquisition and tidying up exercise.

Given the current liquidity in the Saudi Arabian market our advisers expect the issue to be several times oversubscribed and trading in the shares to commence at a substantial premium.

- 9.28. It is true ACI GLOBAL Corporation is a US public company with its stock quoted on the OTC market, but as the company has not filed any reports with the SEC or published any annual or interim account during the past 2/3 years, we have not been able to verify the correctness of the statement that ACI GLOBAL Corporation has “323,000,000 shares issued and is capitalized at \$60,000,000”. If the numbers are correct, the capitalized value was approx. USD 0.18 per share. However, when the offer was made on 3 August 2007, the share price was only USD 0.12 per share.

Appendix 40: <http://markets.ft.com/tearsheets/performance.asp?s=ACGJ%3APNK>

- 9.29. As to the statement that ACI GLOBAL Corporation has developed leading edge cryogenic technology to produce synthetic rubber at a development cost of \$60-\$70,000,000, it should be noted this statement is not in accordance with a prospectus filed by ACI GLOBAL Corporation with the US Securities and Exchange Commission on 10th February 2006.

Appendix 42: <http://www.secinfo.com/d12TC3.v531.htm>

(see appendix 7)

- 9.30. From page 29 of the prospectus, it appears a German company, ACI Corporation AG, “owns the intellectual property relating to the process for cryogenic grinding of rubber”. ACI Corporation AG has gone out of business and is deleted from the German company register.

Appendix 43: <http://www.secinfo.com/d12TC3.v531.htm>

(see appendix 7)

- 9.31. Hence, the statement made by JG and MH to THULE in this respect was, at best, misleading.

- 9.32. As for the statement concerning future announcements “this year” for the construction of plants in Malaysia and in the Middle East, we note the year of 2007 has lapsed without any such announcements.
- 9.33. As for the Saudi float, we have not seen any indication of this being promoted or materializing.
- 9.34. **Based on the above, it appears the proposed offer for purchase of options and shares in THULE was another series of misrepresentations perpetrated by JG and MH.**
- 9.35. On 31st July 2007, THULE Drilling ASA served QGM with a ‘Notice of Dispute’ in accordance with the Rebuilding Contract for THULE POWER and the Construction Contract for the two other rigs. As per the Contract, the parties are required to appoint one negotiator each and attempt to settle the dispute amicably before arbitration is commenced. THULE appointed its Chairman, Mr. Hans Eirik OLAV, as its negotiator.

Appendix 44: Notice of dispute, dated 31st July 2007.

- 9.36. On 2nd August 2007, THULE received a letter from QGM in which delays and cost overruns were admitted, but contrary to the provisions of the Contracts, QGM claims that this is the risk of THULE. In the letter QGM also admit it is “*completely out of funds*”, that the yard will be closed, never to reopen and that QGM had **not** denied THULE access to the rigs. QGM objected to THULE’s appointment of its Chairman as negotiator and failed to appoint a negotiator on behalf of QGM. The letter also contained an offer to sell the yard to THULE. THULE responded to this letter on 5th August 2007 and referred to the contractual allocation of risk.

Appendix 45: Letter to QGM Group LLC dated 5 August 2007.

- 9.37. On 5th August 2007, THULE brought QGM's letter of 2nd August 2007 to QGM's yard and in accordance with the letter dd 2nd August from QGM and requested access to its rigs. Access was denied by Jake SCHIMBERG, CEO of QGM, who had signed the letter of 2nd August 2007 rejecting that THULE were denied access to the yard. Jake SCHIMBERG confirmed this rejection by handwritten confirmation on the letter which denied that THULE had been denied access to the yard.

Appendix 46: Letter to QGM Group LLC dated 5th August 2007 with SCHIMBERG's handwritten confirmation.

- 9.38. On 14th August 2007, THULE received a letter from QGM in which it again alleged THULE was in breach of contract. Furthermore, it is stated that the yard will undertake other work and put THULE's rigs in storage for two years. THULE regarded this as yet another attempt at blackmail/extortion. Thule responded to this letter on 16th August 2007 and referred to the fact that all three contracts were fixed price contracts - *see appendix 27*

- 9.39. On 17th August 2007, QGM informed THULE the yard had been sold, that THULE is insolvent and that THULE's liability for breach of contract amounted to \$120 million US Dollars. QGM is also claiming that THULE failed to respond to QGM's letters of 2nd August and 14th August 2007.

Appendix 48: Letter from QGM Group LLC to THULE dated 17th August 2007.

- 9.40. THULE responded immediately to the letters of QGM Group LLC dated 2nd August 2007 and 14th August 2007 and rejected all allegations.

Appendix 49: Letter to QGM Group LLC dated 16 August 2007.

Appendix 49a: Letter to QGM Group LLC dated 5 August 2007.

- 9.41. THULE's auditor, Ernst & Young, has reviewed THULE's payments to QGM and concluded that Thule has paid over and above its contractual obligation to QGM.

Appendix 50: Statement from Ernst & Young dated 27/08/2007.

- 9.42. On 27th August 2007, ACI GLOBAL Pte Ltd, represented by MH, informed THULE that the entity that allegedly purchased QGM was a company titled OCEAN FORTUNE Limited, a private company incorporated in Hong Kong. In the letter it is alleged the Construction Contracts, which provided for fixed price, are invalid and THULE owe over \$100 million US Dollars to QGM. In the letter, ACI GLOBAL Pte Ltd threatens to sell the drilling rigs as scrap to cover the alleged losses, unless the dispute is resolved by the end of August 2007.

Appendix 51: Letter from ACI Global Pte Ltd to Thule, dated 27th August 2007.

- 9.43. OCEAN FORTUNE Limited is an empty "shelf company" with MH as CEO.

Appendix 52: Company records

- 9.44. On 29th August 2007, THULE rejected the allegations and pointed out its contractual rights.

Appendix 53: Letter from THULE to ACI GLOBAL Pte Ltd, dated 29 August 2007.

- 9.45. On 1st September 2007, ACI GLOBEL Pte Limited declined to comment on the Contracts between THULE and QGM and explained "*this is a matter for the Courts*". The letter contains several threats and the claim contained therein increased to \$140 million US Dollars, i.e. in 4 days the unwarranted demand had risen from \$100 million to \$140 million US Dollars.

Appendix 54: Letter from ACI GLOBAL Pte Limited to THULE, dated 1st September 2007.

9.46. On 7th September 2007, THULE replied that the company had not seen any documentation substantiating the sale of QGM, that its contractual relationship was with QGM and that it would not comment further on the matter to ACI GLOBAL Pte Limited.

Appendix 55: Letter from THULE to ACI GLOBAL Pte Limited, dated 7th September 2007.

9.47. On 16th September 2007, THULE was served with a Notice of Arbitration from QGM, signed by MH and on 28th September 2007, THULE responded to Stephen FOX of RALLI Solicitors in the UK as requested in the Notice.

Appendix 56: Notice of Arbitration dated 16th September 2007.

9.48. Subsequently, THULE became aware RALLI Solicitors had apparently not accepted the assignment from QGM/MH.

Appendix 57: Telefax from Philip CHONG to RALLI Solicitors dated 3rd October 2007.

9.49. Furthermore, it also appears the Arbitrator appointed by QGM, Nicholas STEWART, has not accepted the appointment by QGM/MH.

Appendix 58: Confirmation by Philip Chong dated 2nd October 2007.

9.50. QGM, represented by MH, is nevertheless alleging THULE has failed to respond to the request for Arbitration and Nicholas STEWART therefore should be the sole Arbitrator. THULE has not heard anything since then about this Arbitration.

Appendix 59: Letter from MH to THULE dated 1st October 2007.

9.51. We have recently been given access to various e-mail correspondences between the primary subjects of our investigation by a confidential source. This documentation includes: -

1. An e-mail from JG to MH, dated 30th July 2007 in which it is stated: -

We find short term money to cover the Yard operation:

Payroll-\$1.4m which repeats monthly

Creditors.\$5m a month for 3 months

Working capital \$4m a month for the production of two new builds.

*That puts the world together, realistically it needs \$5m immediately, which is the amount that the Norwegians were willing to pay to have the boys walk away. **We need to get this from them.***

The Free Zone and the Ruler of Sharjah are supporting us because we are going to put the ACI Plant in Sharjah !!!!!

The deal with the Norwegians is a mix of cash and shares that we need to define, which appeals to their greed.

I suggest we give the major share holders 30 Kr, 50/50 cash and paper all to be paid in 120 days. USE ACI shares as above if the float is not away by that time, alternatively make them wait and pay them out of the proceeds of the float.

The new ACI facility in Sharjah should give value to the ACI shares !!!!!!!

Appendix 60: E-mail from JG to MH, dated 30th July 2007.

9.52. You will note the promise of building an ACI factory appears to be a recurring feature of the various misrepresentations JG and MH make as a predicate to committing fraud. Certainly from the tone of the e-mail, JG and MH appear

confident when discussing options for a delayed payment to THULE, or ensuring they wait until the alleged Saudi float.

2. An e-mail from JG to MH, dated 31st July 2007 in which it is stated:

There is a real deal here if we can knock it in the heads of the Norwegian. Get the ACI shares price moving - we might be able to do it in the short term with ACI shares !!!!

Appendix 61: E-mail from JG to MH, dated 31st July 2007.

- 9.53. The above is clearly indicative that the share price in ACI GLOBAL Corporation is capable of being manipulated and inflated by MH, for the purpose of defrauding the major shareholders in Thule.

3. An e-mail from JG to MH, dated 2nd August 2007 in which it is stated:

I have been talking to John again. He has done a deal with the Free Zone to keep creditors at bay at the Free Zone gates.

Appendix 62: E-mail from JG to MH, dated 2nd August 2007.

- 9.54. The above e-mail message is clearly indicative that a corrupt relationship has been put in place with some form of officialdom at the entrance to the Free Trade Zone.

4. An e-mail from JG to MH, dated 17th August 2007 in which it is stated: -

I met yesterday with our new proposed local partner who has tremendous influence in Sharja. He says the court there is the most corrupt in the UAE and he has a lawyer who has all the Judges in his

pocket. He guarantees we can get a Judgement in our favour and the Jail threats will be reversed to Thule.

Appendix 63: E-mail from JG to MH, dated 17th August 2007.

5. An e-mail from JG to MH, dated 27th August 2007, enclosed herewith as exhibit 22, in which it is stated:

We should then try to steal the Thule rigs and make a \$ 100m out of them.

- 9.55. It should be noted this e-mail is dated on the very same day MH claimed \$100 million US Dollars and threatened to sell THULE's rigs as scrap to cover the claim.

6. An e-mail from MH to JG, dated 2nd October 2007, in which it is stated:

Our sponsor meet the free Zone Sheik at a royal Ramadan do last week and he suggested to our man Faisel that he intervened to sort out the Thule dispute. Our man ripped in to him and made it clear that Thule owed \$ 100m, they were messing around in the Sharjah courts when the contract said arbitration and they were nearly bust. Since then the Free Zone can't do enough for us. Thule can only be resolved in our favour as the Sharjah Govt is part of the company. Interestingly Sharja is now growing twice as fast as Dubai. The total set up is such a superb opportunity.

Appendix 64: E-mail from MH to JG, dated 2nd October 2007.

- 9.56. Mention of a Sheikh and the name Faisal in the above e-mail resonated with us immediately based on the fact one of our confidential sources - who is still attempting to negotiate the return of a loan from MH and JG and provided during 2007 - mentioned that during conversations with both men they had assured him

his loan remained secure because they now had the support of a powerful local sponsor. MH and JG referred to the sponsor on several occasions as Sheikh FAISAL. They indicated Sheikh FAISEL was providing several introductions to Emirati Financial Institutions with the object of securing favourable financing.

7. An e-mail from JG to MH with a copy to Jake SCHIMBERG, dated 15th October 2007, in which it is stated:

My first thought is they have brought proceedings in the wrong jurisdiction and that they are not correctly served. Secondly we can get Board Minutes (of which you are not a member - in Arabic) authorizing you to take the actions you took thereby moving responsibility for perceived loss or damage up the chain.

Appendix 65: E-mail from JG to MH with a copy to Jake SCHIMBERG, dated 15th October 2007.

- 9.57. The above e-mail is clearly indicative that in any Court proceedings, attempts will be made to pervert the Course of Justice and undermine the honour and integrity of the Court. It appears JG, MH and Jake SCHIMBERG will make a concerted effort to falsify Directors meetings associated with QGM, which are then to be produced in evidence in a US Court to undermine the veracity of the case against SCHIMBERG.

- 9.58. Affidavits from Schimberg and AB dated 12th November 2007, in which it is stated any information or decisions conveyed by Schimberg to THULE were at the direction of the Owners or Directors of QGM, supports the suspicion that SCHIMBERG at least will attempt to provide perjured testimony.

Appendix 66: Affidavit from SCHIMBERG, dated 12th November 2007.

Appendix 67: Affidavit from AB, dated 12th November 2007.

8. An e-mail to Jake SCHIMBERG, dated 13th October 2007, in which it is stated: -

Please stay out of jail, do not pass go, but do collect whatever the hell you can.....see you in a few...love, hb

- 9.59. The above e-mail clearly supports the suspicion Jake SCHIMBERG is knowingly involved with criminal activities, i.e. extortion of THULE.

Appendix 68: E-mail to Jake SCHIMBERG, dated 13th October 2007.

- 9.60. We are aware THULE has taken a number of steps in order to protect its position and bring QGM, AB, CW and SCHIMBERG before the Courts. These steps include: -

(a) Filing three criminal complaints against AB and CW: -

- The first relates to the fraudulent transfer of the QGM shares from QGM BVI to QGM FZC and is presently the subject of a continuing investigation by the Public Prosecutor.
- The second relates to the breach of trust caused by the closure of the HAMRIYA shipyard and thereby preventing THULE from accessing its own drilling rigs. This criminal complaint is also the subject of an investigation by the Public Prosecutor.
- The third criminal charge (filed against AB and Mr Bill BUCHANON) relates to collusion with the vendor to procure “kick-backs” from the sale of certain equipment (by fraudulently increasing invoice prices).

(b) THULE has also filed a case before the Sharjah Court of Urgent Matters, in which THULE is seeking immediate access to the yard to enable it to continue with the construction of its rigs. The Court has granted guardianship of the rig to a Court appointed Expert who is cooperating with THULE on maintenance of the rigs.

(c) THULE has also filed a case in which it seeks to obtain Orders nullifying the transfer of the QGM shares from QGM BVI to QGM FZC. Once THULE obtains

those Orders, then those QGM shares will revert back to QGM BVI and will therefore be effectively owned by THULE by virtue of THULE having already exercised its rights to obtain the shares in QGM BVI pursuant to the Share Charge.

- (d) THULE has served QGM with a Notice of Dispute under the Rebuilding Contract for THULE POWER and under the Construction Contracts for the other rigs, but QGM is not responding in accordance with the contractual dispute resolution procedure.
- (e) THULE has served CW with a Notice of Arbitration, but CW has failed to appoint an Arbitrator within the 30 day period provided by law. The Oslo City Court has been requested to appoint an Arbitrator on behalf of CW.
- (f) Following the contractual negotiation period, which is sabotaged by QGM, THULE will commence Arbitration proceedings under the Rebuilding Contract for THULE POWER and under the Construction Contracts for the other rigs.
- (g) THULE has sued Jake SCHIMBERG in Houston Texas, for damages.
- (h) THULE is still working with local administrative and political authorities to gain access to its rigs and to reverse the unlawful transfer of shares in QGM from QGM BVI to QGM FZC.