

Our Ref:

Your Ref: OOS/LAW33/1

Keystone Law
DX: 193 Chancery Lane

Dear Sirs

Our Client Tom Winniffrith
Your Client Roger Lawson

We refer to our letter dated 25 July 2017, in which we stated that we would write separately regarding the allegations of defamation contained in your letter dated 11 July 2017. This is the response mentioned in that letter.

We note that your letter is sent in accordance with the Pre Action Protocol for Defamation. The aims of the protocol are to facilitate early exchange of information and so as to enable the parties to understand the respective party's case. Whilst you have set out a number of allegations and provided a schedule of articles you have not provided key information in respect of your client shareholdings in blinkx and Globo, his writings on those companies, the timing of his sales of those shares nor have you proved the relevant articles written by our client, Ben Edelman and Paul Scott and your client's responses to those articles which are the subject of the publications mentioned in your letter.

We accordingly request that your client provide by way of disclosure within the next 14 days the documents listed below.

Our client considers your letter to be an unfortunate attempt to seek to prevent him from scrutinising and exposing to the public unsustainable claims made by your client.

We set out below the relevant factual background which was omitted from your letter.

Factual Background

ShareSoc & Roger Lawson

It is accepted that your client Mr Lawson comes from a computer software business background and founder of the UK Individual Shareholders Society known as ShareSoc.

ShareSoc is described on its website as being a not-for profit organisation. The stated aim on their website is *"to help you make money from investing in the stock market"*. Further they state that they aim to provide

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support to individual shareholders by “*educational and informational services*”, “*in-depth company reports*” and “*a forum for the interchange of views between individual investors*”. In terms of education events, your client has described such events that to include seminars where companies (which are actively looking for investment) present to individuals. It is stated that they can come along to the seminars and talk to the management and ask questions. Your client also accepts that that he is involved in “*shareholder activism*”. It is further widely know that ShareSoc has previously requested taxpayers’ money and government funding to carry out its work.

At the UK Investor Show 2014 your client explained further about his role and that of the organisation stating that:

*“They [active shareholders] tend to get their information from prejudice resources so what **we try to give independent advice and an independent view** and there are still problems in public companies in that if you have been an investor for any length of time you will realise that occasionally you will run into holdings that run into problems and there are two things you can do then. You can either sell the shares and walk away or you can actually try to correct the problem **and sometimes you can’t sell the shares because you can’t get out, everybody is wanting to sell...**”*

At all material times your client therefore held himself out as an individual experienced in computer software business and founder of an organisation charged with protecting individual shareholders by giving “*independent advice and an independent view*”. Your client was further aware of the difficulties of selling shares in a company where the public know that the company is in difficulties.

In terms of your client’s investment strategy, in addition to being aware of the difficulties which sometimes arise when you can’t sell shares in a problem company, your client described himself at the UK Investor Show 2014 as someone who has a long term holding strategy to shares. In answer to a question as to whether your client seeks a dividend return or growth your client stated:

“I go for total return. I am a bit like Warren Buffet if I buy a stock I like to hold it forever”

Tom Winnifrith

Throughout his 25 year career in journalism, but especially during the past five years at ShareProphets our client has been involved in exposing misleading and fraudulent companies. Our client has a sense of duty to assist investors in scrutinising claims made by Public Limited Companies. He believes that public companies and those involved with them ought to be subject to full and rigorous scrutiny.

By warning investors of scams, fraud or issues of overvaluation, our client has saved investors’ money and promoted better governance and behaviour from those involved in public companies. There is undoubtedly a significant public interest in this role. On several occasions companies which our client has written about have been subsequently investigated by organisations such as the Serious Fraud Office. Our client has assisted such investigations by providing evidence which he has in his possession.

As a result our client has received recognition from the Financial Reporting Council (the FRC) in particular for his work on Quindell.

As to the platform on which the articles were published, your client has not separated those articles which appear from the two different websites. The website www.shareprohets.com is the only one to carry a full article and can only be read by registered members of the website. The readers of those publications are familiar with our clients stated aims and writings of our client.

Publications Regarding Globo and blinkx

From around mid to late 2013 Tom Winnifrith and others wrote articles highlighting various issues which raised concerns regarding Globo.

In an article dated 30 October 2013 by your client titled “*Bulletin boards and Globo*”, your client took aim at those seeking to challenge the legitimacy of Globo including our client's long term associate and friend Simon Cawkwell, describing him as leading a campaign to destroy Globo. Our client was himself prominent in writing articles exposing Globo's fraudulent accounts. Your client further took issue in the article with websites which were commenting on Globo and publishing defamatory comments and argued that the defamation laws were not effective.

Of particular relevance to your client's threatened claim, your client wrote:

“the big problem with financial bulletin boards is that posters can make money by either puffing or ramping companies (i.e. promoting their merits) or disparaging them (ie de-ramping). In the latter case the speculators can short sell the stock to make a quick turn”.

With respect to those who run or contribute to financial bulletin boards your client wrote that they are “*full of garbage and frequented by the ill informed and pusillanimous*”.

By your clients own definition the act of ramping is promoting the merits of shares and the act of de – ramping is disparaging those shares.

By an article on the Sharesoc website titled “*Globo Interims and evaluating software companies*” dated 29 September 2014 your client took aim at our client and others regarding the interpretation of Globo's interim financial accounts. Our client will rely on all of the articles written by your client and Sharesoc to demonstrate the role played by your client in supporting those shares. In particular having implied that those who had written about Globo had done so with the intention of shorting the stock your client proceeded to set a positive case for Globo. The article and tone speaks for itself. In particular your client wrote:

“The latest results appeared positive – revenue up 45% EBITDA up 23%, free cash flow of 4.2m and net case of 46.m. But detractors on bulletin boards were not accepting the news was good.”

Your client in the article declares a small interest but states that he does not trade. Should your client proceed with this matter our client will seek disclosure of the size of the holding which your client held at the time and the timing of the sale of those shares. Readers would undeniably rely on the statement that the holding was small and that your client does not trade, like Warren Buffett your client holds shares forever.

Your client actively promotes the company stating:

“ I am going to comment on this primarily from the perspective of someone who has run these kind of software businesses in the past. One of the good things about this company is that they are very open with shareholders and anyone could dial into the results presentations this morning and hear what Costis Papadimitrakopoulous the CEO had to say...”

Statements include your client advising investors to *“forget the accounting issues for the present”... “bearing in mind the history of Globo, it is very positive that technically they score well in this report on several parameters”... “this is all positive news”..* Your client actively argues against detractors of the company stating:

“Regrettably some of the commentators on this issue do not seem to understand the dynamics of software companies and the underlying realities that are reflected in their accounts.”

Globo was one of the companies that presented at a Sharesoc seminar. You will note from the above such seminars provide a platform for companies seeking investments from individuals.

In an article titled *“Setting the Facts Straight”* dated 26 October 2016 referring to our client your client wrote *“He makes a number of allegations which seem to be a figment of his imagination”*. Our client had in fact done a thorough analysis of the fraudulent accounts and also undertaken first hand site visits to the company's main offices in Athens Greece.

It is set out above that the purpose of the Sharesoc articles is to provide independent advice and an independent view. Accordingly your client would be aware that his articles would be relied upon and would have the effect of promoting the merits of the company.

Globo was without question a fraudulent company. It was involved in the falsification of data and misrepresentation of the Company's financial situation and – having ceased trading is indeed now under investigation for that fraud. Tom Winnifrith and others had the insight to identify concerns with that company at an early stage. Your client however can be said to have been disgraced by his active support of the company and criticism of those experts who were found to have been accurate.

Further in addition having been actively involved in promoting the company it is a matter of fact that your client did not correct his position before selling his shares in Globo. That conduct would be of particular concern to the wider public as he had previously stated that he held onto his shares and was not trading. Had that position changed, given your clients role and previous statements it was incumbent on him to correct the

errors of fact and or opinion which he had expressed in the past. News that the highest profile supporter of Globo among those writing for retail investors, had changed his stance to sell would have caused investors to have avoided losses. Your client sold his own shares before intimating to his followers that he had performed a volte face. Financial commentary websites such as Seking Alpha in the US and at ShareProphets as well as across Fleet Street since the City Slickers scandal, such behaviour would result in disciplinary action.

A similar pattern of behaviour followed in your client's treatment of those who criticised blinkx.

On or around the start of 2014, Ben Edelman published a detailed report which was critical of blinkx, identifying material concerns as to the legitimacy of some of its business practices. This prompted your client to defend blinkx and promote the merits of the company. This is evident from the article titled "*Blinkx – more market abuse in AIM stocks?*" dated 31 January 2014. Your client criticised Mr Edelman for not having "*bothered to ask the company any specific questions on this issue*". Specifically on the company your client wrote "*...it is worth noting that the company is generally very open with its communications. Indeed Sharesoc commented on the live web cast of its results in May 2013... Any complaint that the company is being secretive is surely dubious*". Drawing the two cases together your client wrote that "*this case looks very similar to the situation that arose a few weeks ago at Globo*". It is noteworthy that despite purporting to be independent your client promoted blinkx and failed to declare his interest in that company. We request disclosure of all share trades in blinkx by your client.

The role of Sharesoc

In response to those articles, rather than investigate the matters raised, as would be expected given the role of your client and Sharesoc, your client chose to attack the basis of those articles. We would expect to see Sharesoc and your client corresponding with the directors and managers of those companies with a view of testing and achieving the stated aims of Sharesoc. Having criticised Ben Edelman for not having asked the company specific questions on the issue, we would be interested to see any specific questions which your client asked the company. Sharesoc and your client evidently had close ties to those companies and we would expect to see disclosure of emails which your client sent and received to the companies in question to probe the veracity of what was said by our client and others.

Given ShareSocs public statement of looking after the interest of the individual shareholder, and aim to give independent advice and an independent view, there was a legitimate expectation by the public and the members of Sharesoc that authors of articles actively promoting companies disclose interest in those companies. Given the highly trusted role which Sharesoc set out to take for its members your client had a fiduciary duty to make full and frank disclosure of his interest in order to achieve the aims of independence. To say, as your client does, that he had mentioned his ownership of blinkx shares en passant in one article at one point is not enough. Readers may not read that article but only the high profile articles where blinkx was supported. Assuming that ShareSoc complies with best practice and thus retains a register of shareholdings by its writers we would ask to see that register and also details of who monitored it as part of the disclosure process.

In April 2014 our client announced that Ben Edelman was to speak at UK Investor Show, an event he organised. Lawyers for Globo threatened Mr Cawkwell ahead of his presentation at that show, prompting our client to provide extra material on the company. Meanwhile lawyers for blinkx wrote to our client warning that he'd find himself in an "unfavourable position" if he did not agree to a list of demands regarding that Edelman presentation or pull it altogether. The lawyers ignored the fact that our client had offered blinkx the chance to do a rebuttal of Edelman directly after his presentation but blinkx had declined that offer. Our client rightly described such tactics as "bully boy" since blinkx had not initiated and indeed never initiated – any action against Edelman.

Your client attended the show and subsequently published an article stating that our client had smeared blinkx's lawyers, something not even blinkx's lawyers have argued. He also stated that Edelman had provided no new material on blinkx. That article is titled "*Impressions of a self publicist, and Blinkx*" and appeared on the ShareSoc website on 06 April 2014. Your client denied our client the opportunity to post a response on behalf of himself and Mr Edelman. Private investors were reassured by this "independent" assessment as once again your client failed to declare his shareholding. When the video of Edelman's talk appeared two weeks later it was clear that he had provided shocking new evidence and the collapse in the share price continued. The shares were close to 200p when Edelman first wrote and Lawson dismissed his analysis; They are 36p today.

The Publications

Our client intends to defend the proposed claim for defamation on the basis that the statements made on the website are not defamatory and are in any event statute barred. In terms a defence our client will pursue that the ordinary natural meanings of the words are true, based on our client's honestly held opinion and are honest comment and further that there is a public interest in our client publication.

In addition our client disputes that your client has suffered serious harm. Our client reserves the right to raise any other grounds of defence once it has seen the requested disclosure and full particulars.

The meaning of the statements

It is trite that the principles to be applied in determining the defamatory meaning of words were set out by Sir Anthony Clarke MR in Jeynes v News Magazines Ltd [2008] EWCA Civ 130. It is averred that your pleaded meanings are "*strained, or forced, or utterly unreasonable*". In particular the reference to "Share Ramper" by your clients own admission does not mean any criminal dishonesty or an act of market abuse. By your client's own admission "Ramper" means someone who promotes the merits of a company. Further your client, being familiar with the publications of our client will be aware that where he considers that an individual to be guilty of a criminal act or market abuse he states so explicitly. We refer to our client's coverage of Mr Chris Oil as a market abuser on the ShareProphets website and of Mr Rob Terry of Quindell as a criminal.

A court is unlikely to find that a hypothetical reader of the type which read the publications on the website will select one bad meaning where other non-defamatory meanings are available.

For similar reasons our client does not accept that his publications carry the defamatory meaning complained in 1-4 of your letter under the heading of meaning.

Limitation: “Disgraced share Ramper Roger Lawson from Sharesoc”

Without prejudice to the contention that the content of the words complained of are not defamatory, the sting of your client’s complaints appear to originate from him being called “*disgraced share Ramper Roger Lawson from Sharesoc*”.

Your letter sets out that these words appear as early as 18 April 2015 and is repeated in the subsequent publications. All subsequent publications are substantially the same as the first publication. In support of this it is noted that the subsequent publications in fact lead back, via URL links on the words disgraced share ramper, to the 2015 articles and concern your client’s roles in promoting the shares of blinkx and Globo.

Pursuant to Section 5 of the Defamation Act 1996 the limitation period for defamation is 1 year and this runs from the date of publication. A number of the articles of which your client complains (8 April 2015, 24 April 2015, 3 November 2015 and 5 April 2016) are therefore statute barred. In respect of the subsequent publications our client will rely on Section 8 of the Defamation Act 2013 relying on the position that the cause of action against the person for defamation in respect of the subsequent publication is to be treated as having accrued on the date of the first publication.

In so far as the sting of the alleged libel is that your client wrote articles in support of blinkx and Globo whilst holding shares in those companies our client will prove that to be true. Indeed your client has now admitted as such without giving full disclosure of his trades in the transparent manner one would expect from an individual in his position.

In so far as the articles refer to your client as having been disgraced for having written articles in support of blinkx and Globo and having criticised experts who were later found to be correct, those statements will be proven to be substantially true. In particular your client alleged that Mr Edelman at UK Investor 2014 had said noting new about blinkx. The video is available at:

<https://www.shareprophets.com/views/6334/that-ben-edelman-video-from-april-again-why-no-sane-person-would-have-held-blinkx>

In that video makes it clear that Edelman did indeed have new and highly damaging material. Your client’s criticisms of Mr Edelman were therefore inaccurate.

Our client will seek disclosure and will rely on comments on bulletin boards, including those of Sharesoc which demonstrated that some investors took comfort from your clients remarks. In the context of blinkx

most people believed your client had no interest in the shares and was thus “independent”. The fact that blinkx has subsequently had to change its business model and thus seen its profits collapse vindicates the assessment by our client and those such as Mr Edelman.

“Sells his own stock without pre-warning readers”

We refer to our previous position in terms of limitation in respect of this comment. Further we do not accept your interpretation of the meaning. To the extent that the meaning is that your client sold his own stock without pre warning readers, having previously written positively about the company and before publishing a negative article regarding the company, that is without doubt true. Our client suspects that this is not the only occasion and seeks conformation from your client as to other similar dispositions prior to writing articles.

Your client had made public statements in support of Globo and blinkx and ought to have corrected the misguided statements which made and certainly ought to have done so before selling his shares. Your client’s conduct is particularly concerning for our client given your client’s then role at Sharesoc which openly stated that it sought to provide an independent voice.

“Proven Liar”

Our client does not accept your interpretation of the phrase liar or proven liar, further we do not accept that such a phrase is defamatory. In any event it has been shown that your client has lied in two material respects.

Firstly, your client stated that he did not read the ShareProphets website although he criticised articles which our client had written on that website. When our client then pointed out that your client had posted comments on ShareProphets, something he could only have done by registering which means that he must have read the website, your client only then admitted to his previous comment having not been true. Our client reserves the right to plead other matters should this progress further. Secondly we refer to your clients comments regarding our client’s treatment of blinkx’ lawyers at the UK Investor Show set out further below.

“Smears and bullies those who criticise him”.

Your interpretation of the words use in the context of the articles is strained and we do not consider the words to be defamatory. In any event the core of the allegation is without doubt true. Your client has not chosen to provide articles and tweets relevant to the various exchanges between your client and his critics. There are countless examples of articles written by your client whereby smears and seeks to bully critics of companies he has supported.

We request disclosure of all relevant tweets sent by your client either under his name or while managing the ShareSoc account to our client and to prominent Globo critics, Paul Scott, Ian Smith and on the subjects of Globo and blinkx. We request all articles written and communication sent by your client relating to our client to third parties including those involved in blinkx and Globo.

We have set out above that in an article titled "*Setting the Facts Straight*" dated 26 October 2016 your client wrote the following about our client "*He makes a number of allegations which seem to be a figment of his imagination*". Of course those matters which your client described as being a figment of our clients imagination proved to be true in that Globo was in fact a fraud. Your client has further called those who run or contribute to financial bulletin boards "*full of garbage and frequented by the ill informed and pusillanimous comments*". Such statements are undoubtedly a smear by your client.

In terms of one further example of a smear we refer you to your client's allegations made in his UK Investor Show 2014 presentation about our client and but more pertinently to his claim the article dated 06 April 2014 titled "*Impressions of a self publicist, and Blinkx*". In that article your client alleged that our client made "*Defamatory comments about the presence of lawyers representing Blinkx*". That is not a claim that blinkx lawyers made. Blinkx lawyers threatened our client with unfortunate consequences if he allowed Mr Edelman to speak at the UK investor show 2014 and did not agree to a long list of conditions. As evidenced in the video our client was polite and welcoming the lawyers to the hall.

<https://www.shareprophets.com/views/6334/that-ben-edelman-video-from-april-again-why-no-sane-person-would-have-held-blinkx>.

Notwithstanding the position that the statement is not defamatory, our client will defend the statement as being true.

Public interest

Our client considers your letter and threats to obtain an injunction to be a misconceived attempt to seek to prevent him from scrutinising and exposing to the public unsuitable behaviour of your client as well as an attempt to suppress legitimate comment by the free press on matters of public interest. We have already set out in our first letter and above that your client held a significant role in an organisation which apparently promotes individual shareholder rights. ShareSoc has previously requested taxpayers' money and government funding to carry out its work. In circumstances where your client and the organisation held itself as providing an independent advice and views, it is in the public interest for our client to expose circumstances whereby your client's own conduct falls short of his own alleged ethical standards and that of ShareSsoc.

Honest Opinion

To the extent that the statements complained of by your client relate to a statement of opinion, our client relies on the defence available to him under section 3 of the Defamation Act 2013. Many of the words expressed by our client are an expression of an opinion which an honest person could reasonably have held in the circumstances.

Serious Harm

We note that your client complains about various names which your client has been called over the years. You will be aware that merely unflattering or insulting statements would not be sufficient to launch a claim in defamation. It is averred that many of the matters which your client have complained of are not sufficiently serious. The statements made are unlikely to cause serious harm to your client's reputation and you have not provided any evidence to the contrary.

Disclosure

Your client has failed to provide core documents relevant to your client's claim in particular should this matter proceed further our client will seek:

1. Disclosure of your client's share trades in blinkx and Globo,
2. Your client's entry on the register of interests at ShareSoc,
3. All of your client's writings on blinkx and Globo,
4. Email communication at the time of the articles in question between your client blinkx and Globo,
5. The timing of your client's disposals and acquisitions of shares,
6. The articles written by Ben Edelman and Paul Scott which and your client's responses to those articles which are the subject of the publications mentioned in your letter
7. All articles written about our client, Simon Cawkwell and other associated commentators

We look forward to receiving the disclosure within 14 days.

Should your client issue proceedings we will draw the Court's attention to your client's failure to engage in the pre action protocol and provide relevant disclosure. Our client will vigorously defend any proceedings brought against him and seek costs of the action against your client.

Yours faithfully

Ronald Fletcher Baker LLP

West End Office

Direct Email: r.ramdarshan@rfblegal.co.uk