

For court use only

Claim No.

Issue date

**IN THE HIGH COURT OF JUSTICE OF THE ISLE OF MAN
CIVIL DIVISION
CHANCERY PROCEDURE**

SEAL

Nature of Proceedings: Proceedings under the Companies Act 1931 relating to Banners Broker Investments Limited

Parties

Targus Investments Limited
303 Aarti Chambers
Victoria,
Mahe
Republic of Seychelles

Claimant(s)
(Full name(s) & address(es))

Banners Broker International Limited
Kissack Court
29 Parliament Street
Ramsey
Isle of Man
IM8 1AT

Defendant(s)
(Full name(s) & address(es))

Details of claim

(use numbered paragraphs)

See attached

If you need to continue on a separate sheet please use the prescribed form – 'HCC CONTINUATION SHEET'

Name and address (including postcode) of defendant on whom copy of the claim form is to be served Banners Broker International Limited Kissack Court 29 Parliament Street Ramsey Isle of Man IM8 1AT	£	
	Court fee	£200.00
	Coroner's fee	£12.50
	Advocate's costs	£0.00
	Total	£212.50

Statement of truth

[I believe] [The Claimant believes] that the facts stated in this claim form are true.

[I am duly authorised by the claimant to sign this statement]

Full name of [claimant] [s advocate]*

*indicate as appropriate

Kathryn Louise Clough

Name of claimant's advocate's firm

Callin Wild LLC

Signed



[Claimant] [s advocate] [Litigation friend] indicate as appropriate

Date 10th January 2014

Claimant's or claimant's advocate's address in the Isle of Man (including

Telephone no.

01624 623195

postcode) to which documents or payments should be sent: Callin Wild LLC Bank Chambers 15 - 19 Athol Street Douglas Isle of Man IM1 1JB	Fax no. (if appropriate) 01624 676763
	E-mail (if appropriate) kclough@callinwild.com
	Reference (if any) O1139013/kc/tc

Details of Claim

1. The Claimant is a company incorporated in the Republic of the Seychelles and having its registered office situate at 303 Aarti Chambers, Victoria, Mahe, Republic of Seychelles.
2. The Defendant Banners Broker International Limited ("**BBIL**") is a company incorporated in the Isle of Man with company number 124375C. Until 16 January 2013 it had its registered office situate at Kissack Court, 29 Parliament Street, Ramsey, Isle of Man, IM8 1AT . Such address is an address of OCRA (Isle of Man) Limited ("**OCRA**") which is a licenced trust and corporate service provider on the Isle of Man. The services offered by OCRA include the provision of directors, company secretaries, registered office, nominee shareholders and general administration for clients incorporating companies in the Isle of Man. One such company administered by OCRA (until recently for the reasons set out below) was BBIL.

Background to BBIL

3. On 25 January 2010 OCRA incorporated an Isle of Man company for a prospective client. That client did not follow up on the enquiry and OCRA therefore retained the company as a shelf company. That company was incorporated with the name Bedford Limited and with company number 124375C. The directors were Richard Maurice Dixon ("**Mr Dixon**") and Colin Forster ("**Mr Forster**"), the secretary was Laxey Corporate Services Limited ("**LCSL**") and the shareholder was Targus Holdings Limited an in house company of OCRA used for the purpose of providing nominee shareholdings ("**Targus**"). Mr Forster subsequently resigned on 15 June 2011 when he left the employ of OCRA and Stephen Mark Eppleston ("**Mr Eppleston**") was appointed in his stead
4. In January 2012 OCRA was approached by a Canadian National with a view to him becoming a client. That individual was Christopher George Smith ("**Mr Smith**"). Mr Smith's last known address is 250 Jarvis Street, Apartment 503, Toronto, Ontario M5B 2L2.
5. In March 2012 OCRA entered into a contract with Mr Smith to provide corporate services. In particular, he required a company to be an online advertising platform selling advertising impressions through banner ads on websites and an advertising inventory to publishers. Mr Smith requested the company name of Banners Broker International Limited.

6. To facilitate this OCRA utilised the shelf company Bedford Limited. The name was changed to BBIL on 11 April 2012 and a structure was set up to give ultimate beneficial ownership to Mr Smith. The shareholding was transferred to Targus Investments Limited, an in house company of OCRA and a Deed of Trust were entered into from Targus to Monetize Group Incorporated ("MGI"). MGI was, when last evidenced in March 2012, a Belize company of which Mr Smith is the sole shareholder and director.
7. In May 2012 a bank account was opened in the name of BBIL with RBSI Isle of Man ("RBS"). Funds were first received into that account in late May.
8. OCRA continued to provide the Registered Office for BBIL until 16 January 2013. On that date OCRA filed a notice that BBIL no longer had authority to maintain its registered office at OCRA's premises.
9. OCRA also continued to provide directors and a company secretary for BBIL until late May 2013. The circumstances leading to their resignation and to the filing of the Notice regarding the Registered Office are set out below. The shares in BBIL remain with Targus.
10. In the circumstances from 21st May 2013 BBIL had no registered office, directors or company secretary.

Concerns regarding BBIL

11. The concerns of OCRA regarding BBIL arose initially in June 2012. At that time it was considered necessary to seek further due diligence from Mr Smith.
12. A detailed timeline of events relating to BBIL, the concerns of OCRA and details of the information requested from Mr Smith is attached as the Schedule hereto.
13. It was as a direct result of the failure of Mr Smith to provide information and instructions to OCRA that OCRA had no option but to resign the directors and secretary of BBIL and to give notice that BBIL had no authority to maintain its registered office at OCRA's premises. This situation arose as a result of OCRA carrying out standard due diligence enquiries and requesting information about BBIL. Those enquiries did not elicit information from Mr Smith. The contractual relationship with Mr Smith was thereby terminated.

14. At all material times OCRA had endeavoured to elicit information regarding the business of BBIL from Mr Smith and his Canadian Attorneys but such information has not been provided. Further, OCRA has endeavoured to allow Mr Smith a reasonable opportunity to move his business to an alternative Corporate Service Provider; however Mr Smith has not made any alternative arrangements.
15. Unfortunately, OCRA retains a connection with¹ BBIL in that:-
 - (a) it holds approximately £6.6million of cash deposits which it holds on constructive trust for BBIL in separate designated OCRA / BBIL client accounts ("**the Cash Deposits**");
 - (b) Targus holds 100% of the issued share capital in BBIL on trust for MGI ("**the Shares**").

The Claims

16. As noted in the Schedule hereto, on 14 June 2013 OCRA received a Letter Before Action ("**the LBA**") from Advocates for Ian Driscoll ("**Mr Driscoll**"). Mr Driscoll alleged breaches of agreements purportedly entered into by him and BBIL such that he has allegedly suffered losses of in excess of \$3million.
 17. In the absence of instruction or information from Mr Smith as a result of which BBIL by then had no directors, OCRA understands no reply was sent to the LBA.
 18. Further, on 16 July 2013 OCRA received notification of further potential legal action against BBIL from a Matthew Painter purporting to be writing on behalf of a group commencing legal action against BBIL. No details were provided and no further communications have been received as at the date hereof.
 19. On 24 July 2013 OCRA was made aware that proceedings had been issued by Mr Driscoll against BBIL. Mr Driscoll attempted to serve the proceedings at the offices of the advocates for OCRA; however the advocates correctly refused to accept service.
 20. OCRA together with Mr Eppleston and Mr Dixon as former directors of BBIL and Targus have no knowledge of the matters referred to in the LBA. Further, they no longer have any contractual relationship with BBIL and Mr Smith and have received no information or instruction from Mr Smith. The questions they had asked of Mr Smith and his Canadian Attorneys remain
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unanswered.

21. Subsequently Mr Smith has made two enquiries with OCRA as to his gaining access to the Cash Deposits. Firstly, Mr Smith requested access to the Cash Deposits by telephone call to Mr Craig Melvin on 8th July 2013. No information was provided to Mr Smith and Mr Smith did not provide any of the information that he had previously been asked for by OCRA.
22. Secondly, Mr Smith visited OCRA unannounced on 22nd August 2013. During that meeting he requested information about how he could access the Cash Deposits. OCRA understood from Mr Smith that he had approached other CSP's although no arrangements had been or have subsequently been made for BBIL to be transferred elsewhere.
23. Further, and of particular concern, OCRA is also now aware that Mr Smith has purported to appoint himself as director of BBIL without any authority from Targus.
24. On 1 November 2013 advocates for OCRA were served with a copy of certain documents which had been sent directly to Mr Smith. Such documents evidenced an (unsuccessful) attempt that Mr Driscoll had made to obtain an injunction in support of his proceedings and in particular they highlighted the purported appointment of Mr Smith as a director of BBIL. OCRA is aware that on 22 August 2013 a Form 9N was filed at the Isle of Man Companies Registry notifying that Mr Smith had been appointed director of BBIL. It is the position of OCRA and Targus that this appointment is not valid. It has been made without any knowledge or authority of Targus as the sole owner of the Shares and accordingly is invalid. Targus and OCRA remain concerned that Mr Smith is holding himself out as director of despite his improper appointment.
25. The papers served on OCRA also evidenced that this Honourable Court had granted an order for service of the proceedings out of the jurisdiction upon Mr Smith. OCRA does not know when such proceedings were served, nor whether they have been dealt with by Mr Smith. It is therefore of concern both to OCRA and to Targus that the proceedings commenced by Mr Driscoll are not being properly attended to and this may be prejudicial to the company and to its creditors.

Winding Up

26. In light of the foregoing Targus as the sole shareholder of BBIL wishes to place BBIL into

Liquidation. It is considered that this is the most appropriate way of ensuring that any claims and creditors are dealt with and the assets of BBIL which are currently in limbo are protected.

27. Accordingly on 23 December 2013 Targus passed a written resolution to apply to the Court for BBIL to be placed into Liquidation and for Miles Andrew Benham ("**Mr Benham**") and Timothy Allan Mann ("**Mr Mann**") to be appointed joint liquidators of BBIL.

Relief sought

28. In the circumstances, Targus now seeks an order appointing a liquidator to wind up BBIL. It appears to Targus that it is in the interests of the company, its shareholder and its creditors that BBIL should be wound up. Targus therefore seeks an order that BBIL be wound up and that Mr Benham and Mr Mann of MannBenham Advocates Limited, 49 Victoria Street, Douglas, Isle of Man (or such other persons as this Honourable Court thinks fit) be appointed Provisional Liquidators and deemed Official Receivers of BBIL and that Targus be paid its costs out of and incidental to the Claim from the assets of BBIL, as more particularly set out in the draft order attached to this Claim Form.
29. In addition, Targus also seeks the Court's approval for the remuneration of the Liquidator's pursuant to Section 181 (2) of the Companies Act 1931 and Rule 136 of the Companies (Winding Up) Rules 1924. More particularly Targus seeks the following Orders from this Honourable Court:
- (i) That the remuneration of Mr Benham and Mr Mann as Joint Provisional Liquidators and Deemed Official Receivers of BBIL be fixed by reference to the time properly spent by Mr Benham and Mr Mann and their staff (as appropriate at the rates set out in the Schedule attached to the draft Order together with all reasonable out of pocket expenses and proper disbursements and VAT at the applicable rate;
 - (ii) Mr Benham and Mr Mann shall file with the Court an application for approval of their future fee notes together with any supporting documents for such periods as they shall determine but not more than six months from the date hereof and not more than six months thereafter until the conclusion of the liquidation of BBIL or further order of this Court.

SCHEDULE

BANNERS BROKER INTERNATIONAL LITED TIMELINE FROM 25TH JANUARY 2010	
25/01/10	<p>The Claimant ("OCRA") incorporated an Isle of Man 1931 company for a prospective client who subsequently did not follow up the enquiry. The company was left as OCRA stock /shelf. The company was at that time called Bedford Limited and had company number 124375C.</p> <p>The original directors (being staff of OCRA) were Richard Maurice Dixon ("Mr Dixon") and Colin Forster ("Mr Forster").</p> <p>The original shareholder was Targus Holdings Limited an in house company of OCRA used for nominee shareholding services.</p> <p>The Company Secretary was Laxey Corporate Secretaries Limited ("LCSL").</p>
	2011
15/06/11	<p>Mr Forster resigned as director (when he left the employ of OCRA). Stephen Mark Eppleston ("Mr Eppleston") a member of OCRA staff was appointed in his stead</p>
	2012
January	A Canadian gentleman, Christopher George Smith ("Mr Smith") approached OCRA with a view to becoming a client.
March	The business plan was for the company to be an online advertising platform selling advertising impressions through banner ads on website and an advertising inventory to publishers.

	<p>OCRA engaged Mr Smith as a client. His date of birth is 28th August 1970 and his last known address is 250 Jarvis Street, Apartment 503, Toronto, Ontario M5B 2L2.</p>
	<p>The name requested by Mr Smith for the company was Banners Broker International Limited ("BBIL").</p>
	<p>Shareholding was transferred from Targus Holdings Limited to another in house company of OCRA – Targus Investments Limited ("Targus"). Beneficial ownership of BBIL is held under a Deed of Trust from Targus Investments Limited to Monetize Group Incorporated ("MGI"). MGI is a Belize company which is not administered by OCRA).</p>
	<p>MGI has Incorporation Number 107,933 and it was incorporated on 26th July 2011. The sole shareholder and director of MGI was evidenced at 23rd March 2012 as Mr Smith and its registered office 35 New Road, Belize City, Belize. The company agent is Belize Offshore Formation Limited.</p>
11/04/12	<p>Bedford Limited changed its name to BBIL.</p>
May	<p>OCRA opened an account in the name of BBIL at RBSI Isle of Man ("RBSI") (GBP & USD) and funds began to arrive from the end of May, uninitiated by any contracts or agreements authorised by the directors of BBIL</p>
29/05/12	<p>USD491,375 was received from Banners Broker Ireland Limited with an address in Cork. Enquiries made by OCRA have not located any company by this name incorporated in Ireland.</p> <p>All subsequent funds have been from Allied Wallet Limited ("Allied Wallet") (an ewallet payment company which is incorporated in England with company number 05832811) most with a reference 'Banners Broker International' or similar and one quotes a reference 'Banners Broker Canada'.</p>

June	<p>OCRA received a contract dated 25th May 2012 between Allied Wallet acting through its branch office in Los Angeles, and BBIL signed by Mr Smith purportedly as a 'principal' of BBIL. Mr Smith was advised that BBIL was an Isle of Man Company and that any agreements therefore needed to be executed by the directors.</p> <p>OCRA determined that further due diligence should be carried out. This was subsequently put into effect.</p>
16/07/12	Letter sent by OCRA to Mr Smith to request information
06/08/12	OCRA requested very detailed information from Mr Smith in order to support activity, payments etc.
August	<p>OCRA requested authorisation from Mr Smith to correspond with Aird & Berlis ("A & B") a Canadian Law firm based in Toronto who at that time were purportedly acting on behalf of Mr Smith. Some information was provided but this was limited and did not cover the detail that OCRA had requested.</p> <p>On this date the balance on the US account with RBSI was USD6.8M. The majority of payments had been received from Allied Wallet.</p>
04/09/12	OCRA advised Mr Smith that they must arrange for VAT registration and they therefore requested an updated business plan, planned activities, estimated turnover, breakdown of sales (UK, European and Non-European), estimated profits, details of subcontractors and any contracts.
16/10/12	OCRA chased Mr Smith for information relating to a payment request to A & B, a proposed sale of BBIL via a share purchase agreement between MGI and DYZ Media Inc (a BVI company), details of a bank account held with Choice Bank Limited as there was and is no record of the BBIL directors applying for such, details of a contract forwarded under the name

	<p>of Banners Broker Canada, requested Allied Wallet statements for such and confirmation that OCRA may approach a tax advisor for a VAT opinion. In addition Mr Smith was informed that should such information not be provided within 28 days he must either transfer administration, or OCRA would disengage or dissolve the company.</p>
22/10/12	<p>OCRA chased A & B for information relating to the Allied Wallet Account, details of invoices and documentation relating to VAT registration, as per their letter of 16th October 2012.</p>
30/10/12	<p>OCRA chased Mr Smith, copied to A & B for an update on when the missing company information would be received and he was reminded that the deadline for receipt was the 16th November 2012.</p>
31/10/12	<p>OCRA wrote to Allied Wallet advising them that Mr Smith was not authorised to commit BBIL</p>
14/11/12	<p>OCRA further wrote to Mr Smith advising that they were not prepared to extend the deadline for receiving all requested information regarding company activities, source of funds, VAT registration, invoicing and ratification of agreements.</p>
14/11/12	<p>OCRA received an email from Mr Smith requesting another extension to the deadline for receiving information.</p>
11/12/12	<p>OCRA informed the relationship manager at RBSI (Jeremy Meggitt) to advise him (as they are required to do under their Eligible Introducer Agreement) that OCRA were not comfortable with the account and they were intending to disengage.</p>
21/12/12	<p>OCRA advised Mr Smith that they can no longer assist and process any administration on behalf of BBIL. They requested the details of the new CSP where BBIL was to be transferred and confirmed that they had disengaged.</p>
	<p>2013</p>
04/01/13	<p>OCRA received correspondence from Donald B Johnston of A & B advising that Mr Smith understood OCRA's decision to</p>

	<p>terminate the business relationship and that he was in the process of locating a new CSP.</p>
09/01/13	<p>OCRA advised Mr Smith that he had 14 days to provide new CSP details in order to transfer the administration of BBIL out from OCRA.</p>
16/01/13	<p>OCRA advised their relationship manager at RBSI formally via an email that OCRA wished to cease administering BBIL.</p>
21/01/13	<p>Form 335a (statement that a company does not have authority to maintain its registered office at the specified premises) filed with Companies Registry Isle of Man. This had not been done immediately that OCRA had disengaged as OCRA had endeavoured to allow Mr Smith time to find and instruct an alternative CSP.</p>
February	<p>RBSI advised OCRA they were not happy about maintaining an account with no valid mandate. OCRA confirmed that they were taking advice.</p>
18/03/13	<p>RBSI advised OCRA that they no longer wished to provide banking services to BBIL and they gave 60 days' notice of account closure.</p>
	<p>Stephen Porter, a Director of OCRA (Isle of Man) Limited entered into discussions with RBSI. As a result of such discussions a compromise was reached whereby the funds held in the name of BBIL with RBSI were transferred to a new OCRA client money account ref BBIL.</p>
22/04/13	<p>OCRA received notice from Old Court Chambers that they should note an interest in the matter of Burlingtons LLP/Dispute with Ian Driscoll ("Mr Driscoll").</p>
15/05/13	<p>OCRA arranged for the BBIL bank account to be closed with RBSI and a new OCRA/BBIL Client Account to be opened in</p>

	order to transfer the BBIL funds to. The total sum transferred was \$6,652,132.54.
21/05/13	OCRA arranged for resignation of Directors and Company Secretary although they retained the nominee shareholding through Targus. The formal 9N giving notice of the resignations was filed with the companies registry on 31 st May 2013.
10/06/13	OCRA received an email from a Richard Mocatta (presumably a 'client' investor) advising that BBIL were still using the registered office address. He also requested information as to where the new registered office was.
14/06/13	OCRA received notice from Old Court Chambers advising that they would be acting on behalf of Ian Driscoll regarding an alleged breach of contract between Mr Driscoll and BBIL. Quantifiable loss at that date totalled \$3,030,106.10.
02/07/13	Mr Smith telephoned Andrew Cronin ("Mr Cronin") from OCRA (who had dealt with Mr Smith at the outset and had sent the requests for information letters). Mr Smith indicated that he wished to discuss the transfer out of the administration of BBIL. Mr Cronin advised he was on holiday at that time so could not assist him. Mr Smith advised he had approached other CSP (unnamed) who had refused to take over administration of BBIL.
03/07/13	OCRA received correspondence from a client of BBIL requesting the closure of their account. The mail returned and the client was advised that BBIL are no longer authorised to use the Registered Office address.
08/07/13	Mr Smith phoned Craig Melvin of OCRA ("Mr Melvin") to advise that he had been unsuccessful in finding a new CSP and he wanted to know what his options were. He indicated that he required access to funds urgently. Mr Melvin confirmed to Mr Smith that OCRA could not assist with any transfer of funds as the directors had resigned the result of which was that the mandates were void. Mr Smith was also informed that the funds were in a client account at RBSI as a holding measure.

16/07/13	OCRA received notification of further potential legal action against BBIL from a Matthew Painter purporting to be writing on behalf of a group commencing legal action against BBIL. No details were provided and no further communications have been received as at the date hereof.
17/07/13	Mr Smith enquired again about how he could access funds; OCRA again advised him that BBIL was unable to transfer any funds.
09/08/13	OCRA received an enquiry from Amber Business Limited, an Isle of Man corporate services provider, advising that Mr Smith had approached them to take over the administration of BBIL. No further progress has been made in this regard.
19/08/13	OCRA were advised by RBSI that a person named Mr Smith claiming to be the ultimate beneficial owner of BBIL had telephoned them stating that he was planning to visit the IOM and the bank to discuss the account
21/08/13	OCRA received a letter addressed to BBIL from a client of BBIL stating that they had been trying to close their account for five months, this letter was returned
22/08/13	Mr Smith attended at the offices of OCRA unannounced and enquired what he could do to access funds. He was informed that as OCRA had resigned their services they could not assist and Mr Smith should make enquiries with other CSP's to see if they could take over administration of BBIL.

IN THE HIGH COURT OF JUSTICE OF THE ISLE OF MAN
CIVIL DIVISION
CHANCERY PROCEDURE

IN THE MATTER of the Companies Act 1931

and

IN THE MATTER of **BANNERS BROKER INTERNATIONAL LIMITED**

and

IN THE MATTER of the Claim issued by Targus Investments Limited ("Targus") dated 10th January 2014 ("the Winding Up Claim")

At a Court held at Douglas on
the day of 2014

HIS HONOUR...

Upon hearing the Winding Up Claim this day in the presence of Counsel for Targus **[and...]** and having considered the Witness Statement of Stephen Porter dated 10th January 2014 and Upon consideration had thereof **IT IS ORDERED THAT:**

1. Banners Broker International Limited ("BBIL") be wound up pursuant to the provisions of Section 162(1) of the Companies Act 1931 ("the Act");
2. Miles Andrew Benham ("Mr Benham") and Timothy Allan Mann ("Mr Mann") both of MannBenham Advocates, 49 Victoria Street, Douglas, Isle of Man be and are hereby appointed Provisional Liquidators and Deemed Official Receivers of BBIL pursuant to Section 174 of the Act;
3. Mr Benham and Mr Mann as Provisional Liquidators and Deemed Official Receivers of BBIL shall have the following powers:
 - (a) To carry on the business of BBIL, in so far as may be necessary for the beneficial winding up thereof;
 - (b) To open, maintain and operate without the further consent of any other person, such bank accounts as is deemed necessary by Mr Benham and Mr Mann;

- (c) To appoint an advocate or such other law agent or legal advisor (whether in the Isle of Man or elsewhere) to assist in the performance of their duties;
 - (d) To pay any classes of creditors in full;
 - (e) To bring or defend any action or other legal proceedings in the name of and on behalf of BBIL;
 - (f) Such other powers as are provided pursuant to Section 184(2) of the Act.
4. Mr Benham and Mr Mann as Provisional Liquidators and Deemed Official Receivers of BBIL shall forthwith advertise notice of this order in two newspapers published and circulating in the Isle of Man and shall file a plain copy of this order with the Registrar of Companies in satisfaction of Section 170 of the Act;
 5. Meetings of creditors under Section 179 of the Act shall be held within two months of the date of this order;
 6. The remuneration of Mr Benham and Mr Mann as Joint Provisional Liquidators and Deemed Official Receivers of BBIL shall be fixed by reference to the time properly spent by Mr Benham and Mr Mann and their staff (as appropriate) at the rates set out in the Schedule hereto together with all reasonable out of pocket expenses and proper disbursements and VAT and the applicable rate;
 7. The costs of Targus of and incidental to the Winding Up Claim shall be payable from the assets of BBIL as an expense of the Liquidation of BBIL.

SEAL OF THE HIGH COURT

NOTE – It will be the duty of such of the persons who are liable under section 175 of the Companies Act 1931 to make out or concur in making out the Defendant's statement affairs as the Liquidators and deemed Official Receivers may require, to attend on the Liquidators and deemed Official Receivers at such time and place as they may appoint, and to give them all information they may require.