

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: _____ OF 2008

CAUSE NO: FSD 61 OF 2010 (AJEF)

BETWEEN:

RENOVA RESOURCES PRIVATE EQUITY LIMITED

(A company incorporated in the Bahamas, suing as a shareholder of the Second Defendant, Pallinghurst (Cayman) General Partner LP (GP) Limited)

Plaintiff

AND

- (1) **MR BRIAN GILBERTSON**
- (2) **PALLINGHURST (CAYMAN) GENERAL PARTNER LP (GP) LIMITED**
- (3) **PALLINGHURST (CAYMAN) GENERAL PARTNER LP (GP) LIMITED**
- (4) **PALLINGHURST RESOURCES MANAGEMENT LP**
(formerly Pallinghurst Resources Fund LP)
- (5) **AUTUMN HOLDINGS ASSET INC**
(A company incorporated in the British Virgin Islands)

Defendants

WRIT OF SUMMONS

- TO:
- (1) Brian Gilbertson of 3a Palace Green, London, W8 4TR, United Kingdom.
 - (2) Pallinghurst (Cayman) General Partner LP (GP) Limited of c/o Walkers SPV Limited, PO Box 908GT, George Town, Grand Cayman, Cayman Islands.
 - (3) Pallinghurst (Cayman) General Partner LP of c/o Walkers SPV Limited, PO Box 908GT, George Town, Grand Cayman, Cayman Islands.
 - (4) Pallinghurst Resources Management LP of c/o Walkers SPV Limited, PO Box 908GT, George Town, Grand Cayman, Cayman Islands.
 - (5) Autumn Holdings Asset Inc of P.O. Box 3136, Road Town, Tortola, British Virgin Islands.

THIS WRIT OF SUMMONS has been issued against you by the above-named Plaintiff in respect of the claim set out on the next page.

Within 14 days (or, if leave is required to effect service out of the jurisdiction, such other period as is specified in the attached Acknowledgement of Service of Writ of Summons) after the service of this

Writ on you, counting the day of service, you must either satisfy the claim or return to the Court Office, PO Box 495, George Town, Grand Cayman, KY1-1106, Cayman Islands, the accompanying Acknowledgment of Service stating therein whether you intend to contest these proceedings.

If you fail to satisfy the claim or to return the Acknowledgment within the time stated, or if you return the Acknowledgment without stating therein an intention to contest the proceedings, the Plaintiff may proceed with the action and judgment may be entered against you forthwith without further notice.

Issued this 20th day of May 2008

NOTE - This Writ may not be served later than 4 calendar months (or, if leave is required to effect service out of the jurisdiction, 6 months) beginning with the date of issue unless renewed by order of the Court.

IMPORTANT

Directions for Acknowledgment of Service are given with the accompanying form.

AMENDED STATEMENT OF CLAIM
(Amended Pursuant to the Order of Mr Justice Foster dated 5 March 2012)

The Parties

- 1 The Plaintiff, Renova Resources Private Equity Limited, is a company incorporated in the Bahamas. It is wholly owned by Renova Holding Ltd ("Renova"), a Bahamian holding company that is a member of the Renova Group of companies (the "Renova Group").
- 2 The First Defendant ("Mr Gilbertson") is a businessman resident in the United Kingdom.
- 3 The Second Defendant (the "Company") is a company incorporated in the Cayman Islands and is the general partner of a Cayman Islands limited partnership called Pallinghurst (Cayman) General Partner LP (the Third Defendant). The Third Defendant ("GPLP") is in turn the general partner of the Fourth Defendant, a Cayman Islands limited partnership called Pallinghurst Resources Management LP (the "Master Fund").
- 4 The Fifth Defendant ("Autumn") is a British Virgin Islands company wholly owned by Fairbairn Trust Limited, a Jersey trust corporation, as trustee of the Brian Patrick Gilbertson Discretionary Settlement ("Mr Gilbertson's family trust").

The Letter Agreement and the Pallinghurst Structure

- 5 On 24 November 2005, Renova wrote a letter to Mr Gilbertson, setting out terms upon which Renova proposed that it would work with Mr Gilbertson in establishing and operating an investment fund to explore, acquire and develop opportunities in the metals and mining industry (the "Letter Agreement"). In effect, under the terms of the proposed arrangement, Renova was to employ Mr Gilbertson to manage the investment of substantial amounts of Renova's investment capital. Mr Gilbertson executed the Letter Agreement on 24 January 2006.
- 6 In pursuance of the Letter Agreement, Renova and Mr Gilbertson set up a number of Cayman Islands limited partnerships and companies (the "Pallinghurst Structure").
- 7 A diagram of the Pallinghurst Structure is attached hereto. In summary, as at today's date and at all material times:
 - 7.1 Renova held 100% of the issued share capital of the Plaintiff;
 - 7.2 The Plaintiff held 50% of the Company;
 - 7.3 The other 50% of the Company was owned by Fairbairn Trust Limited as trustee of Mr Gilbertson's family trust, of which Mr Gilbertson is a beneficiary and of which he had control;
 - 7.4 Mr Gilbertson and Vladimir Kuznetsov, the Investment Director of Renova Management AG, a member of the Renova Group, ("Mr Kuznetsov") were the directors of the Company;
 - 7.5 The Company was the general partner of GPLP which was in turn the general partner of the Master Fund;
 - 7.6 The Master Fund was established to hold the investments of the Pallinghurst Structure.
- 8 Renova, directly and through its subsidiary, Renova Industries Ltd, paid for the establishment and operation of the Pallinghurst Structure at a cost of approximately US\$3.5 million.

- 9 Mr Gilbertson's role, as envisaged by the Letter Agreement, was to source and develop opportunities in the metals and mining industry, with investments to be made and opportunities to be exploited utilising the Pallinghurst Structure. The Letter Agreement provided for the working arrangements, such as consultation, powers of veto, and Mr Gilbertson's remuneration. The Letter Agreement provided *inter alia* the following:
- 9.1 Mr Gilbertson would search for and introduce potential investment opportunities to the Pallinghurst Structure (clause 2.3.2).
 - 9.2 Any proposed project was to be considered by an Investment Committee, comprising Mr Gilbertson and Mr Kuznetsov. In order for a potential investment to proceed via the Pallinghurst Structure, it needed first to obtain the unanimous consent of the Investment Committee (clause 2.5).
 - 9.3 The funding for approved projects was (at least initially) to be wholly contributed by Renova (clause 2.4).
 - 9.4 Each Investment Project was to be pursued through the most appropriate structure (clause 2.5).
 - 9.5 A mechanism for the remuneration of Mr Gilbertson (clause 4).

Operation of the Pallinghurst Structure

- 10 The nature of the Pallinghurst Structure and the operation of the Articles of Association of the Company was that, acting together, the directors of the Company ultimately controlled the actions of the Master Fund.
- 11 Pursuant to Article 99 of the Articles of Association of the Company, the quorum necessary for the transaction of any business of the directors of the Company was two directors.
- 12 Pursuant to Article 100, a director who was in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company was required to declare the nature of his interest at a meeting of the directors. A general notice given to the Board of directors by any director to the effect that he was a member of any specified company or firm and was to be regarded as interested in any contract which might thereafter be made with

that company or firm was to be deemed a sufficient declaration of interest in regard to any arrangement notwithstanding that he might be interested therein.

Project Egg – the acquisition of the Fabergé Trademarks

- 13 One of the potential Investment Projects proposed by Mr Gilbertson as a suitable investment for the Pallinghurst Structure was the acquisition from Unilever Plc (“Unilever”) and subsequent exploitation of the intellectual property rights in the “Fabergé” brand (the “Rights”). Whilst the subject matter of this investment fell outside of Mr Gilbertson’s area of expertise and the investment strategy of the Pallinghurst Structure, Mr Gilbertson correctly predicted that Renova would be interested in the Rights given the Renova Group’s ownership of a substantial collection of Fabergé works.
- 14 The commercial terms of the acquisition of the Rights were negotiated by Mr Gilbertson and his associates (in particular Mr Sean Gilbertson, his son). After reaching agreement in principle with Unilever, Mr Gilbertson sought Renova’s consent to the transaction in accordance with the terms of the Letter Agreement.
- 15 By an email dated 15 December 2006, Mr Kuznetsov agreed in principle with the proposal to invest in the Rights and asked Mr Gilbertson to liaise with Mr Igor Cheremikin (“Mr Cheremikin”), the Chief Legal Officer of Renova Management AG, with a view to ensuring that the investment be pursued through the most appropriate structure.
- 16 By an email sent later on the same day, Mr Sean Gilbertson notified Mr Cheremikin that a special purpose vehicle called Project Egg Limited (subsequently renamed Fabergé Limited) (“PEL”) had been established to purchase the Rights. As shown in the diagram attached hereto, PEL was at least initially wholly owned by the Master Fund and was, therefore, part of the Pallinghurst Structure, although PEL had been incorporated and brought within the Pallinghurst Structure without Renova’s knowledge or consent. The Directors of PEL were Mr Sean Gilbertson and Mr Andrew Willis, a business associate of Mr Gilbertson.
- 17 On 20 December 2006, Mr Kalberer, Deputy Chief Legal Officer of Renova Management AG, (“Mr Kalberer”) informed Mr Sean Gilbertson that the appropriate structure would involve (1) the acquisition of the Rights by Lamesa Arts Inc, a Panamanian company (“Lamesa”), an affiliate of Renova held outside of the Pallinghurst Structure, and (2) the full economic benefit

of the Rights being enjoyed by the Pallinghurst Structure. Mr Kalberer informed Mr Sean Gilbertson that UBS in Zurich (Lamesa's bank) was in a position to fund the acquisition of the Rights and that Mr Kalberer had a Power of Attorney from Lamesa to sign the agreement therefor.

- 18 On 21 December 2006, following further telephone conversations between the parties and in response to a suggestion by Mr Gilbertson, Mr Kalberer notified Mr Gilbertson and Mr Sean Gilbertson that, in order to implement the appropriate and preferred structure, (1) 75% of the shares in PEL should be transferred to Lamesa within 2 business days of PEL signing the agreement to acquire the Rights, and (2) the remaining 25% of the shares in PEL could be purchased by a third party investor called AMCI Inc. ("AMCI"). In view of the involvement of AMCI, the terms of how the Pallinghurst Structure was to be managed were to be agreed.
- 19 Later on 21 December 2006, Mr Sean Gilbertson circulated the first draft of an agreement between Lamesa and the Pallinghurst Structure setting out the terms upon which the parties thereto would structure the Investment Project (the "Implementation Agreement").
- 20 Despite the fact that (1) the Implementation Agreement required further terms to be agreed, and (2) there had been no resolution of the Board of the Company approving, or consideration by the Board of the terms of, the agreement by PEL to purchase the Rights (the "Rights Purchase Agreement"), later in the evening of 21 or during 22 December 2006, Mr Gilbertson unilaterally procured the purchase of the Rights by PEL on terms, including that PEL would pay the price of the acquisition (US\$38 million) to Unilever on or by 3 January 2007. In that regard, PEL still required funding.
- 21 Between 21 December 2006 and 3 January 2007, the parties continued to seek to agree the terms of the Implementation Agreement.
 - 21.1 On 22 December 2006, Mr Kalberer told Mr Sean Gilbertson that it was a condition precedent that the Implementation Agreement be finalised before closing of the Rights Purchase Agreement and that the Implementation Agreement should provide for the transfer to Lamesa of 100% of the shares in PEL.
 - 21.2 On 23 December 2006, Mr Gilbertson sent an e-mail to Mr Vekselberg, the principal of Renova, confirming his willingness to the transfer of 100% of the share capital of

PEL to Lamesa against binding commitments that the Pallinghurst Structure would retain all of the economic benefit and powers to manage the Rights.

- 21.3 On 26 December 2006, Mr Gilbertson circulated by email to Mr Kuznetsov and Mr Kalberer a revised draft Implementation Agreement (the "Second Draft IA") and asked for comments thereon. The Second Draft IA proposed that (1) an unspecified company controlled or nominated by Mr Vekselberg ("Brandco") would pay Unilever the purchase price (US\$38million) on 3 January 2007 and (2) for nominal consideration, PEL would transfer ownership of the Rights to Brandco as soon as possible thereafter, provided that PEL would have the exclusive right to license, use and exploit the Rights.
- 21.4 On 29 December 2006, Mr Kalberer sent Mr Sean Gilbertson an amended draft of the Implementation Agreement (the "Third Draft IA"). Without materially changing the substantive terms of the Second Draft IA, the Third Draft IA (1) further particularised the agreement (2) identified that "Brandco" would be Lamesa and (3) stipulated that PEL would transfer ownership of the Rights to Lamesa within one month.
- 21.5 On 2 January 2007, Mr Kalberer sent Mr Sean Gilbertson a further amended draft of the Implementation Agreement (the "Fourth Draft IA"). Again, the Fourth Draft IA did not materially amend the substantive terms of the Third Draft IA but did include amendments and additional wording designed to clarify and improve the effectiveness and enforceability of the Implementation Agreement.
- 21.6 By email at 21:45 on 2 January 2007, Mr Gilbertson refused to execute the Fourth Draft IA and/or continue to engage in good faith negotiations thereof and stated that he had "triggered alternative arrangements so that payment has now been made". Mr Gilbertson did not disclose the nature of such "alternative arrangements".
- 22 In the premises, in the absence of Renova's consent, or Board or shareholder approval at the Company level, and without having disclosed any interest in the transaction, Mr Gilbertson procured that PEL complete and pay the purchase price under the Rights Purchase Agreement. Mr Gilbertson raised the purchase price from the following 3 investors (the "3 Investors"):

- 22.1 A contribution of 25% of the purchase price was received by way of loan to PEL from Autumn;
 - 22.2 A contribution of 25% of the purchase price was received by way of a loan from a "Dr Milan Jelinek" to PEL (pending discovery the Plaintiff is unaware of Mr Gilbertson's connection with Mr Jelinek and all of its rights are reserved);
 - 22.3 A contribution from a third party of the remaining 50% was received by way of a loan from a "K-M Investment Corporation" to PEL (pending discovery the Plaintiff is unaware of Mr Gilbertson's connection with K-M Investment Corporation and all of its rights are reserved).
- 23 Pursuant to resolutions of the board of directors of PEL on 3 January 2007, the 3 Investors were issued with a total of 100 new ordinary shares in PEL in proportion to their respective contribution towards the purchase price of the Rights. That is, Autumn received 25 shares, Dr Jelinek received 25 shares and K-M Investment Corporation received 50 Shares.
- 24 The terms of the loans entered into between the 3 Investors and PEL gave the 3 Investors the right at any time to call for the repayment of the loans within 7 days either (and in the sole discretion of the 3 Investors, acting unanimously) in cash or by transfer of all of the assets, contracts and receivables (which would include the Rights) to a vehicle nominated by the 3 Investors.
- 25 Accordingly, by reason of Mr Gilbertson's actions as particularised above, the Pallinghurst Structure and the Company:
- 25.1 was deprived of the opportunity to enjoy 100% ownership of PEL. It went from holding 100% in PEL (through the Master Fund owning PEL's 1 issued share) to holding less than 1% of the issued share capital of PEL after the issuance of the new shares to the 3 Investors (the Master Fund subsequently owned just 1 of 101 shares); and/or
 - 25.2 was deprived of the opportunity to enjoy the full economic benefit of the Rights; and

- 25.3 faced the possibility that the 3 Investors would elect to call for the repayment of the Loan on seven days notice by the transfer the Rights (and any other assets, contracts and receivables) out of PEL.

Fiduciary Duties

26 As a Director of the Company, Mr Gilbertson owed the Company the following fiduciary duties:

- 26.1 A duty to act in good faith at all times;
- 26.2 A duty to act only in such a way as he honestly considered was in the best interests of the Company and for the benefit of its shareholders as a whole and not to prefer the interests of himself, his related parties or any other party over those of the Company;
- 26.3 A duty to act in accordance with the Company's Articles of Association;
- 26.4 A duty to act only within his powers and within the scope of his authority;
- 26.5 A duty not to place himself in a position where his duty to the Company and his own interests might conflict;
- 26.6 A duty to refrain from self-dealing;
- 26.7 In the event of any conflict or potential conflict arising, a duty to ensure that he disclosed to the Company all the facts in his knowledge and their implications;
- 26.8 A duty without the informed consent of the Company to refrain from making a secret profit from transactions with the Company or with third parties with whom he was dealing whether in his capacity as a director of the Company or otherwise; and
- 26.9 A duty to account for any such secret profit.

Breach of Fiduciary Duties by Mr Gilbertson

- 27 In view of his actions in relation to Project Egg as summarised above Mr Gilbertson acted in breach of his fiduciary duties to the Company.

Particulars

- 27.1 Mr Gilbertson procured that PEL enter into the Rights Purchase Agreement on 21 December 2007 knowing that in so doing he was acting without either the approval of the Board of the Company or the shareholders of the Company.
- 27.2 Mr Gilbertson unreasonably withheld, in his capacity as a director of the Company, consent to the terms of the Third Draft IA and/or Fourth Draft IA and/or an agreement on substantially similar terms and/or failed and/or refused to continue to negotiate the terms of the same in good faith notwithstanding that such terms were reasonable and in the best interests of the Company (and therefore the Pallinghurst Structure) because the Pallinghurst Structure would have received the full economic benefit of the Rights thereunder and Mr Gilbertson would have been remunerated as pleading in paragraph 9.5 above.
- 27.3 Instead, and again without either the approval of and/or disclosure to the Board or the shareholders of the Company, Mr Gilbertson procured that funding arrangements be entered into by PEL with the 3 Investors thereby diluting almost to nothing the Company's indirect interests in PEL, and thus in the economic value of the Rights. Mr Gilbertson thereby caused the Company to procure arrangements that were or no benefit to it and were for the benefit of the 3 Investors and/or Mr Gilbertson and/or parties and/or entities related to Mr Gilbertson alone.
- 27.4 Mr Gilbertson thereby diverted an asset or opportunity from the Company to himself and/or Autumn and/or parties or entities related to him, which properly belonged to the Company and/or the Pallinghurst Structure.
- 27.5 Mr Gilbertson did not act *bona fide* and in the best interests of the Company and caused the Company financial harm by depriving it and/or the Pallinghurst Structure

of the opportunity to enjoy 100% ownership of PEL and/or the full economic benefit of the Rights.

27.6 Mr Gilbertson failed to disclose and deliberately withheld from the Company and the Plaintiff the fact that the acquisition of the Rights by PEL and the subsequent funding arrangements involved Autumn's acquiring at least 25% of the share capital of PEL and an interest in the Rights.

27.7 Mr Gilbertson allowed his duty to the Company and his personal interests to conflict and benefited from that conflict by making or procuring that Autumn make a secret profit at the Company and the Pallinghurst Structure's expense.

28 Had the Board of the Company been presented with the opportunity to consider and vote on the acquisition of the Rights by PEL in its capacity as general partner of GPLP and in turn of the Master Fund, it would have approved thereof but only on the basis that it go ahead in the manner agreed in principle between the parties (with legal title to the Rights and/or 100% of the share capital of PEL being transferred to Lamesa and the full economic benefit of the Rights being enjoyed by the Pallinghurst Structure).

29 Had Mr Gilbertson fairly disclosed the funding arrangements made by PEL (and procured by him) on 3 January 2007 (including his personal interest therein), the Company would not have approved them.

Autumn

30 Autumn is wholly owned by Mr Gilbertson's family trust, of which Mr Gilbertson and his family members are beneficiaries. It is controlled by Mr Gilbertson and/or acted in accordance with his direction and/or the knowledge of Mr Gilbertson was the knowledge of Autumn. Further particulars of this allegation will be provided after discovery.

31 Accordingly:

31.1 Autumn knew that Mr Gilbertson was acting in breach of fiduciary duty in procuring Autumn's investment and receipt of the PEL shares and that the PEL shares received by it were traceable to Mr Gilbertson's breaches of fiduciary duty pleaded above;

- 31.2 Autumn is liable to account for the PEL shares as a constructive trustee on the basis of its knowing receipt of such shares; and/or in all the circumstances
- 31.3 It would now be unconscionable for Autumn to retain the same;
- 31.4 Alternatively, to the extent that Autumn did not itself pay for (or incur any liability to pay for) the PEL shares, whether by making a loan to PEL or otherwise, then it was a volunteer and the Company and/or GPLP and/or the Master Fund are entitled to trace the PEL shares and/or their proceeds, including any profits made out of the PEL shares, into Autumn's hands, the PEL shares and their proceeds or profits representing property, namely a corporate opportunity, which in equity belonged to the Company and/or GPLP and/or the Master Fund.

Relief and remedies sought

- 32 As a result of the matters set out above, the Company, including in its capacity as general partner of GPLP and, in turn, the Master Fund, is entitled to, and the Plaintiff hereby seeks on behalf and in the interests of the Company, the following relief against the First and Fifth Defendants:
- 32.1 a declaration that the entry into and/or closing of the Rights Purchase Agreement was effected without the proper and due authority of the Company, or of either GPLP or the Master Fund;
- 32.2 a declaration that Autumn holds its PEL shares (i.e. the 25% holding) on constructive trust for the Company and/or GPLP and/or the Master Fund;
- 32.3 an order that Mr Gilbertson takes all steps to procure that Autumn deals with its shares in PEL as constructive trustee for the Company and/or GPLP and/or the Master Fund;
- 32.4 further or alternatively, an account to the Company and/or GPLP and/or the Master Fund of profits received by Mr Gilbertson and/or Autumn and/or by individuals or entities associated with them, namely an account of the value of the 25% PEL shares;

32.5 further or alternatively, an order for payment by Mr ~~Gilbertson~~ Gilbertson to the Company and/or GPLP and/or the Master Fund of equitable compensation for breach of fiduciary duty arising from Mr Gilbertson's failure to obtain the prior approval of the Board of the Company to the acquisition of the Rights and/or thereafter to agree to the terms of the ~~Third Draft IA and/or Fourth Draft IA and/or an agreement on substantially similar terms on which the Rights would be held so that their entire economic benefit would be held for the Company and/or GPLP and/or the Master Fund as was contemplated by the parties on or by 21 December 2006 (and in particular in para 1 of Mr Kalberer's e-mail of 5.01pm and Mr Gilbertson's response of 7.21pm that day and his further e-mail to Mr Vekselberg of 9.02pm that day)~~ and/or to continue to negotiate ~~such terms to that end~~ in good faith notwithstanding that such ~~terms were end was~~ reasonable and in the best interests of the Company ~~the terms~~ and/or his actions which led to the dilution of the Company and/or GPLP and/or the Master Fund's ~~economic~~ interest in PEL.

32.6 further or alternatively, an order for payment by Autumn to the Company and/or GPLP and/or the Master Fund of equitable compensation for knowing receipt of property traceable to a breach of fiduciary duty.

33 Further, the Plaintiff seeks an order that the First and Fifth Defendants pay the Company and/or GPLP and/or the Master Fund interest (including compound interest with yearly rests) on all sums found to be due to it pursuant to section 34 of the Judicature Law and/or the rules of equity for such period and in such amount as the Court considers appropriate.

AND THE PLAINTIFF CLAIMS:

- (1) Declarations as above;
- (2) An order as above;
- (3) An account of profits as above;
- (4) An order for payment of all sums found to be due on the taking of such account; and/or
- (5) Equitable compensation as above;

- (6) All such orders and directions as may be just and convenient including any orders or directions as to such claims as may be brought GPLP and/or the Master Fund;
- (7) Interest as above;
- (8) Further or other relief;
- (9) Costs.

DATED ~~this 20th day of May 2008~~

AMENDED this 12th day of March 2012



Maples and Calder
Richard Millet QC
Essex Court Chambers

THIS WRIT was issued by Maples and Calder, attorneys for the Plaintiff, whose address for service is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. (AAG/BCS/610634/~~14333662~~
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