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19 May 2017

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URGENT

Carter-Ruck

Dear Sirs

OneCoin and OneLife

We refer to your letter of 27 March 2017, in which you say that on behalf of the Commissioner for the City of London Police ("CoLP") you are investigating the matters we raised in our letter of 20 January 2017. Given that CoLP informed us on 9 February 2017 that they had referred this matter to their force solicitor, we infer that you have had three months to consider our 20 January letter: we are therefore concerned not to have received a response. In our letter we asked a straightforward question - whether CoLP was aware of certain correspondence published on the "Business For Home website". As you have not told us that the correspondence is fake, we will proceed on the basis that it is authentic.

Business For Home

As we noted in our 20 January 2017 letter, on 19 December 2016 DC Kieron Vaughan apparently informed the "Business For Home" website, based in the Netherlands, that, if the relevant pages relating to OneCoin *"remain in place beyond this week, we will consider more intrusive methods to have [the articles] removed"* (emphasis his). As we also noted, the stated intention of the letter is to deter people from dealing with our clients.

We find this step and threat to be extraordinary. The CoLP has no power of which we are aware to compel an online publication based in a foreign jurisdiction to remove content, particularly in circumstances where no criminal charges have been brought. DC Vaughan is making defamatory statements about our clients to publishers of foreign websites, and using baseless threats of legal action to intimidate them into taking material down.

Other actions

We also have evidence that:

- CoLP has taken action to disrupt at least one event scheduled to be held by a Onelife Independent Marketing Associate ("IMA") in London, by contacting a venue at which the event was scheduled to be held and requiring it to cancel the event:
 - We refer specifically to an event which was scheduled to be held at The Brewery, 52 Chiswell Street, London EC1Y 4SD on 15 October 2016, but was disrupted after Sergeant Barry Butler of CoLP's Economic Crime Directorate contacted the venue, and the IMA directly. Sergeant Barry Butler told the IMA that CoLP would not allow the event to go ahead. He told her that the police was not going to

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permit any event where "multi-level marketing on cryptocurrency is being offered as an "investment", because of the "fraud that has been undertaken by OneCoin". Asked where the allegation of fraud came from he cited "open source chatting in relation to OneCoin" and an "FSA alert". He made it clear to the IMA that although the investigation was ongoing, they were going to "disrupt" events and "prevent any further investment in the OneCoin commodity or multilevel marketing scheme which is being offered"

- CoLP, and DC Vaughan in particular, has been speaking to various individuals, in particular former IMAs and advising them not only that the company is the subject of investigation and that it is suspected of being a Ponzi scheme, but advising people "not to invest":
 - we are aware of a Youtube.com video posted on 7 April 2017 at <https://www.youtube.com/watch?v=6DZsxavDpks> - allegedly a "Video captured from OneCoin ex-leader Jennifer McAdam Zoomcast 5th April 2017". This video contains "a few quick audios" (i.e. excerpts) from an alleged recording of a 90-minute conversation between (1) DC Vaughan and (2) Ms Jennifer McAdam. (A further video (at <https://www.youtube.com/watch?v=4RINjBaQuSY> and dated 7 April 2017) suggests that the conversation with DC Vaughan took place "four days ago" meaning it was on or around 3 April.) On being asked "is this [OneCoin] a scam, Kieron?" DC Vaughan replies:

"Um we believe so um and that's what we're investigating they've deceived a lot people who've invested in it um and we have our concerns um so yeah absolutely there's stuff I can't tell you about at the moment which will come out soon enough which gives us concerns."

Assuming the recording to be genuine, then by saying (for example) "we believe so" and "yeah absolutely", DC Vaughan is confirming and adopting the allegation that OneCoin is a scam.

These statements are highly defamatory of our client, and, for the reasons explained below, they do not form part of any legitimate investigation. No public interest can defend CoLP officers threatening online publications, seeking to get venues to cancel events or discussing ongoing investigations with third parties. On the contrary, the public interest requires that none of these incidents should occur.

In your response to this letter, please confirm (1) whether the voice on the recording is that of DC Vaughan, and (2) if so, whether the recording is an accurate record of his words, or whether CoLP contends it has been edited (and if so, in what ways) (3) please confirm whether DC Vaughan recorded the conversation and provide a copy of any such recording CoLP has.

- Ms McAdam goes on to allege that DC Vaughan "said to tell my team that they do believe that - his words were that 'it's a Ponzi fraud scheme and he said I should advise my team or people that I speak to, to stop investing'. That's what they believe at the moment". She then appears to read from notes and appears to quote DC Vaughan again: "we're also working together with other police forces um that's that... he's asked um for anyone with concerns so that they can speak to himself as I have. I have his email address and his phone number he says to contact him um he also discussed that um they also deal in asset recovery and that depending on what happens next um it basically says um they would have a victims' fund." Again (assuming

that DC Vaughan does not altogether deny speaking to Ms McAdam), please confirm whether the above is an accurate report of DC Vaughan words.

- o Furthermore, in the comments to this video a Mr Bjorn Bjercke (a self-described "blockchain professional") posted a comment allegedly from Ms McAdam (now removed):

"After a 90 minute telephone call to the London City Police Fraud Investigation Unit last week, I can confirm that there IS a massive Police Fraud Squad Investigation within the UK and they believe also that OneCoin is a massive Ponzi Fraud Scam!!!! They are also working alongside other FOREIGN POLICE FRAUD Investigation Units. Updates from the telephone call with DC Kieron Vaughan last week WILL BE SHARED on the webinar, plus much, much more. This is very SERIOUS and EVERYONE needs to call the UK Fraud Investigation Police Unit now and before they continue to promote OneCoin OneLife UK any further. Listen to what I had to shockingly hear last week from the police! The TRUTH and UPDATES from this call will be shared on the webinar RE Fraud Investigation within the UK and won't be hidden as team top ranking leaders are currently doing still!!!!

- o While the above comment has now been removed, others like it encouraging OneCoin members to contact CoLP remain - we draw your attention in particular to the Facebook group "One Coin Scam" and the image and statement at the following link:
<https://www.facebook.com/OneCoinfake/photos/a.1036324143069671.1073741829.1035168916518527/1127291710639580/?type=3&theater>

We understand CoLP has been contacted by at least one other individual, a Ms Eileen Middleton Laurie, as a direct result of DC Vaughan's actions.

Aside from the specific damage directly resulting from CoLP's actions described above, we are concerned that these actions have lent (and continue to lend) credence in the eyes of the public to defamatory material published online, and themselves give rise to an increase in secondary adverse material published online (as already demonstrated in the Youtube videos referred to above).

In particular, we are concerned that DC Vaughan speaking in the same YouTube video as Mr Bjorn Bjercke (<https://www.youtube.com/watch?v=6DZsxavDpks>) appears to lend CoLP endorsement to the subsequent suggestion in this video from Mr Bjercke that involvement in OneCoin might expose OneCoin users to criminal sanctions: "you've actually paid money into an organisation that is known for at the highest levels of hiding that money and using that for activities that are not legal which in turn, turns in worse case you all to criminals because you have funded this organisation."

FCA announcement

The fact of CoLP's investigation was the subject of an announcement on the website of the FCA on 26 September 2016. This announcement warned people against dealing with OneCoin and encouraged alleged "victims" to contact Action Fraud. The foreseeable consequence of that announcement is that it was reported elsewhere, causing damage to the reputation of the OneCoin brand and to the business of OneLife.

On behalf of OneCoin, we were instructed to complain to the FCA about the publication of this announcement, in particular in circumstances where neither OneCoin nor OneLife were contacted before the announcement was made. The FCA has sought to justify its announcement by saying it was prompted to do so by a request from CoLP who requested that an announcement be made so as to warn consumers and to direct potential "victims" to Action Fraud. The announcement remains online and so the damage being caused is continuing.

The FCA also indicated that its decision to publish was taken because it understood that CoLP was also "simultaneously" going to publish its own consumer warning. This, so far as we are aware, did not happen.

Having therefore apparently been instrumental in the decision of the FCA to publish its warning, CoLP is citing the FCA warning as a justification for its own actions: in the letter published on the "Business For Home" site, for example, DC Vaughan expressly refers to the FCA warning. DC Barry Butler cited "FSA alerts" as justification for preventing the IMA event taking place in London. This, as you will recognise, is entirely circular.

CoLP "investigations" into OneCoin have, we understand, been running since at least August 2016. However, no charges have been brought.

Abuse of powers

All of the above suggests that the investigation must still be at an early stage. It is therefore grossly inappropriate for a representative of CoLP to be making statements such as those appearing in the 19 December 2016 letter to Business for Home or the audio recording dating from around 3 April 2017.

Whilst the police may carry out its proper investigations as it sees fit, and take steps it deems necessary to enable it lawfully to gather information and evidence, the purpose of CoLP's actions, and in particular the actions of DC Vaughan appears to be not to gather evidence or indeed to warn people against dealing with OneLife and OneCoin whilst the investigation is on-going, but to shut the business down.

This seems to us to be an abuse of police powers and these latter steps are entirely disproportionate to the legitimate ends of any on-going investigation. We would remind CoLP of its own experience in *R (Merida Oil Traders) & R (Bunnvale Limited) & Others -v- Central Criminal Court and Others* [2017] EWHC 747 (Admin), where CoLP was found to have abused its statutory powers, and the judge observed that the police "*must be careful not to outreach themselves so they are outside of what are carefully set out legal parameters when it comes to dealing with financial crime*".

Furthermore, these actions and DC Vaughan's words strongly indicate that the outcome of the investigation has effectively been pre-judged by those tasked with carrying it out, giving rise to the serious concern that the investigation is not being carried out fairly or impartially.

Harm to our client arising from CoLP's actions and omissions

You will be aware that the longer the investigation goes on, the more damage is caused to the reputation of our client. It is incumbent therefore on CoLP to conduct its investigation expeditiously.

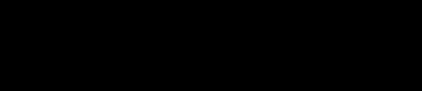
In any event, the result of DC Vaughan/CoLP's specific actions is likely to have been the unwarranted stifling of our client's business activities. CoLP's actions are wholly unjustified in the course of an investigation. As noted above, these actions appear to be being taken to disrupt the business of OneLife and to damage the OneCoin brand, rather than to gather evidence and are therefore a potential abuse of police powers.

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Our client therefore reserves all its rights in relation to claims it may have in relation to any losses suffered as a consequence of CoLP action. It seeks an immediate assurance that no further steps will be taken in the investigation that are not for the legitimate purpose of gathering evidence and in particular that DC Vaughan and CoLP will refrain from making defamatory statements about the company.

Given the gravity of the points raised, we are instructed also to raise them in a formal complaint to the Professional Standards Directorate, to whom this letter is copied.

Yours faithfully


Carter-Ruck