

3 June 2016

By email to: frank@sandstone.lu

Mr Frank Schneider
Sandstone, S.A.
Luxembourg

Carter-Ruck

Dear Frank

Media Advice for Dr Ruja Ignatova / OneCoin

Following our email of 2 June, I am writing to you with our preliminary proposal for improving the online reputation of Dr Ignatova and her company, One Network Services Ltd ('OneCoin').

Executive summary

Our assessment, which is shared by PHA Media (PR advisers), Web Sheriff (internet specialists) and a specialist media barrister (Godwin Busuttil), is that both OneCoin and Dr Ignatova have a considerable amount of negative commentary published about them on the internet. Acting in concert, we offer a bespoke package of measures designed to remove negative content and introduce positive coverage instead, to clean up the clients' reputation online.

Generating positive online coverage

The first step we propose taking is the instruction of a PR company, PHA Media, with whom we have worked closely for a number of years. PHA have a good reputation for helping others manage their reputation, and they list an impressive set of clients and results on their website (www.pha-media.com/).

Phil Hall, the founder and chairman of PHA, has drafted a strategy document (enclosed). The document is largely self-explanatory, I hope. Once PHA have been formally instructed, and met with you, Dr Ignatova and/or OneCoin's representatives, they will have a much clearer idea of what is required under each of the phases of work they propose. In outline, however, PHA's role is to help Dr Ignatova and OneCoin put positive stories out into the media, which shape the public perception and portray them in a good light.

PHA have emphasised to us that placing stories in online media can be 'quick wins' in that a popular article will be read a large number of times and rise up the rankings of search results. Nonetheless, PHA suggests that their initial instruction be an ongoing one, as they help the clients gain positive press coverage. Their first phases represent the bulk of the work assessing the situation and providing contact with key influencers (see p.2 of the strategy document).

Once that work has peaked, the amount of work PHA do will likely taper and the latter phases, such as on-going monitoring, are reached.

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Tackling negative online coverage

Concurrently, we propose instructing and working with Web Sheriff. Web Sheriff is an anti-piracy company which whom we have worked closely on a number of very high-profile matters. For instance, Web Sheriff contacts authors, publishers and/or online hosts) and serve them with 'take down' notices, which often have a high rate of compliance.

As you will see in the email from John Giacobbi (enclosed), Web Sheriff have confidentially searched for Dr Ignatova and OneCoin online, and have found that the online criticism is "*very extensive*" and "*widespread*" (see para.(a) of John's email). Web Sheriff consider much of the online content to have real malice to it.

Web Sheriff's role would be an ongoing one with a greater day-to-day intensity than PHA, given the global online negative coverage and the sheer ease with which people can generate negative online content (e.g. by tweeting or posting on social media negative comments). Web Sheriff have private contacts with many of the most used hosts for online media and social media, such as Facebook, Instagram and Twitter, and search engines like Google, Yahoo and Bing. Please see their full list of business services on their website (www.websheriff.com).

Web Sheriff have also recommended that Dr Ignatova or OneCoin consider instructing newswires, companies who provide news and information to multiple media organisations, who then turn the information into stories for publication. We strongly recommend subscribing to a newswire, as it will allow the proliferation of press releases to hundreds or possibly thousands of websites and subscribing journalists and organisations.

Our role and the role of counsel

As we discussed in our meeting earlier this week, our role will be to project manage the reputational management activities, to instruct and liaise with PHA and Web Sheriff as above, and to report to you (and via you to the client).

We are used to taking on the project management role in large-scale reputational management operations like this, in the context of high-profile clients with global reputations who require constant attention. I will be the project lead and will work with a number of colleagues here to ensure proper coverage and support.

Our other role will be to act as instructing solicitors in cases where legal action is contemplated. We have spoken to a barrister, Godwin Busuttil, of 5 Raymond Buildings (his CV and experience is available at www.5rb.com/member/godwin-busuttil/). Godwin has considerable experience in specialist media law, and his preliminary observations were that a number of legal weapons would potentially be available to the clients to fight negative publications, such as breaches of privacy (also known as misuse of private information), breaches of data protection legislation, defamation, malicious falsehood, and potentially harassment.

The effectiveness of these weapons depends on a number of factors such as the location and resources of the potential defendant and the degree to which the clients' rights are infringement in the jurisdiction of England and Wales.

Time period

It is impossible to give an accurate estimate of how long the online 'clean up' of the clients' reputations will take. We agree with PHA and Web Sheriff that a month of initial strategy, research and planning will lead to a peaking in activity between two and 4 months after instruction, followed by a number of months of ongoing monitoring and dealing with problems as they arise (e.g. if blogs critical of the clients are moved from one ISP host to another). However, we are aware that you wish the "clean up" to

start as soon as possible and towards this it would be good to meet with the client and/or obtain a full briefing so we can expedite matters.

Costs

Thank you for sending 33,000 euros to our client account. We will confirm when we have received the monies.

For the first month of working on the clients' case, we believe the combined costs of the team (ourselves, counsel, PHA and Web Sheriff) would be around £60,000. The second and third months will cost around £80,000 per month, where these will be particularly intense periods requiring us to tackle websites which do not respond to initial take down requests. Thereafter, we estimate total monthly costs to be around £50,000, tapering as required.

We can agree to fix these costs if required. If overseas travel is required, this will be charged on an additional time basis as well as any disbursements involved, such as accommodation or travel costs.

We propose that all billing for Web Sheriff and PHA be done through my firm, where we will issue a single invoice each month clearly setting out all the work streams.

All of these costs are exclusive of VAT as our invoices will be rendered to your company, Sandstone S.A., in Luxembourg, and therefore VAT does not need to be added. Should this position change, please let us know. We will issue invoices in pounds sterling but they may be paid in euros at the relevant exchange rate.

Next steps

There will be a lead-in period before Web Sheriff will be able to contact the publishers and/or hosts of negative media on the internet, in which Web Sheriff will conduct research into who is posting the stories, where they are based, and, if possible, discerning why they are acting as they are (e.g. if they are paid by one of OneCoin's competitors). Web Sheriff has already conducted a brief initial survey of negative internet sites.

Given this lead in, we advise that a two-pronged approach be taken simultaneously: both the initial steps for publishing positive stories, and the initial steps for tackling the negative postings.

It would be extremely helpful if, as we discussed, we, counsel and representatives of PHA could meet with OneCoin next week to understand the company and its product, and the criticisms made of them, so that we can begin rebutting the attacks. It would also help us prepare if briefing materials could be sent to us as soon as possible for pre-reading.

In order to start work, we would require three months' payment on account of the teams' costs (deducting the monies already on account).

Yours sincerely


Nigel Tait

Enc: Integrated Media Strategy proposal, Phil Hall (chairman, PHA Media),
1 June 2016
Email from John Giacobbi (founder, Web Sheriff), 2 June 2016

Integrated PR strategy

Dr Ruja Ignatova, founder of OneCoin

OneCoin is a cryptocurrency – an alternative to bitcoin – launched by Dr Ignatova which to date has 1.9m worldwide members.

Following an introductory meeting with the client, our recommended approach is as follows:

Phase 1:

Audit and evaluation

Using our specialist in-house software we will map and evaluate the social and digital footprint regarding Dr Ignatova, and OneCoin.

This includes a historic search dating back to 2009, mapping the following:

- The core primary social media channels (Facebook, Twitter, YouTube, Pinterest)
- Forums and blogs
- News and media hubs.

A comprehensive report will be delivered, with manual evaluation to outline and identify:

- Stories /publications with significant reach
- Key Influencers across the primary channels listed
- Current Sentiment (specifically highlighting all negative aspects)

From the audit and evaluation we will develop our core integrated PR strategy.

Phase 2:

Integrated PR strategy

Positive Stories to promote OneCoin:

- Find case studies of investors in OneCoin who have made profits
- Find independent and respected advocates for the business
- Profile building of Dr Ignatova via international business media
- Detailed explanation of mechanics of OneCoin in international financial pages

Address negative stories transparently to put you on the front foot. These include:

- Accusations that OneCoin is a Ponzi or pyramid scheme
- Legal and/or potential prosecution issues in (among others) Sweden and China
- Absence from crypto-currency capitalisation website coinmarketcap.com
- Legacy issues over Nigel Allan and Sebastian Greenwood
- Doubts cast over Dr Ignatova's qualifications
- Claims of plagiarism over educational trading material

Legal

- Work hand in hand with your legal counsel to close down litigious comment

Engaging with Key influencers (identified as per phase 1):

- Set up meetings with the journalists and bloggers who shape your industry to build better relationships
- Use these meetings to persuade and educate critics to your way of thinking

On-site content

- Ensure your content is clearly written and stunningly designed
- Ensure you gain maximum engagement with your clients
- Update fresh content regularly to improve your SEO

On-Going monitoring

- Ongoing monitoring and evaluation as per phase 1.
- Weekly top level reports
- Monthly comprehensive reports