# Paradigm and Related Companies

## I. Summary

Between them, Alan and Gail Robinson have been Directors of more than 30 companies which are now dissolved, not including their current Paradigm family of companies. In the broadest terms, their companies can be grouped into two distinct eras, with 2008 as the divide: the Convergence era, 1985-2008; and the post-Convergence era, 2010 to the present.

Almost all of the Convergence-era companies were in the telecommunications industry, supplying cable television and later broadband internet service to parts of England and Europe. Starting around 2005, the Robinsons started investing in airport-related ventures, usually but not always including telecommunications.

Their companies were restructured several times, so that, for instance, a company that began as a subsidiary of another could end up owning the original parent company, or a company could be moved "offshore" and renamed. Their history is therefore quite tangled.

After a disastrous court case in 2008, the Robinsons abandoned telecommunications in favor of energy-related ventures.

The ultimate "owner" of the Convergence companies in 2008 was The Broadband Trust, of which Robinson was the primary beneficiary. In 2008 "the Trust" was administered by JTC Trustees Ltd. Between 1999 and 2007, the Trust funneled £11 million (almost $18 million at today's rates) into Robinson's companies. This is according to court documents cited below. (My suspicion: this trust may still be the haven of Robinson's cash, but I don't know this.)

### *Convergence era*

The Convergence era began by 1985 and includes a group of companies called Eurobell that provided cable television in England and were sold to UK's Telewest in 2000.

Although Paradigm's 2012 presentation to the City of Bloomington claimed that Paradigm "founded" Telewest (which merged with Virgin Media in 2007), this seems doubtful. The only way this could be true is if one of Telewest's actual founders is now among the directors of Paradigm. Virgin's website names the founding of Telewest in 1984 by two Croydon businessmen as Croydon Cable, which was soon acquired by a Denver (US) company and renamed. That company acquired others and was renamed several times before it became Telewest, which in turn acquired Eurobell in 2000. If indeed Robinson was one of the two Croydon businessmen who founded Croydon Cable, he was not part of the company when it grew into the Telewest that eventually purchased Robinson's Eurobell, unless he as Telewest purchased Eurobell from himself.

What was not sold to Telewest formed the nucleus of the Convergence companies, which were also telecom-related but with the emphasis shifting from cable TV to broadband internet.

The Convergence group of companies, which also included some aviation-related ventures, were all dissolved in 2008 after a disastrous failed suit against Convergence's accountants. (There is currently a Convergence Group in the UK that provides telecom services, but it claims to have been founded by a Neal Harrison, and I believe it is a separate unrelated company.)

The court case was something of a landmark, because Alan Robinson, after being deemed by the British judge "a dishonest man," was held personally liable for the damages of nearly £6 million, consisting of fees owed to the accountant for services rendered, plus costs of mediation and litigation. (I'm not sure what the exchange rate was in 2008, but at today's rate that's $9.6 million.)

The court's decision was rendered in 2008, but after Robinson's poor performance under cross-examination and before the trial was even over in November 2007, Robinson put the two Convergence companies involved in the suit "into administration" or bankruptcy (despite having confirmed before the trial that Convergence could afford the litigation). The Convergence group claimed it would be unable to pay its creditors a penny.

All the other Convergence companies, along with any others remaining, were dissolved in March and June of 2008. As part of the fallout, the Robinsons mortgaged and eventually sold a 54-acre equestrian farm which they owned under the name of their company Amador Ltd., which was also dissolved after lasting 18 years. Apparently *Robinson was personally unable to pay the judgment against him, which in the end was paid by the plaintiff's own insurer.*

***Post-Convergence era***

Two years later, in 2010, the Robinsons began forming the Paradigm group, which is focused exclusively on energy-related ventures. (This is why I'm wondering about the Trust: if he was deep in the hole to creditors in 2008, how's he starting up again in 2010?)

## II. Details for the Convergence Era

The Convergence Group PLC was formed under another name in 1985 and became Convergence in 1996. Prior to the 2007 suit, Convergence sued a company in 1999 that it had hired to structure a takeover, because the takeover failed; the suit was filed in NJ, but the case was rejected as out of jurisdiction and sent back to the UK. I found no follow-up to this case and conclude it was dropped.

***The Chantrey Vellacott Case***

The 2007 suit which Convergence lost had a similar basis: Convergence failed to get licensing and financing for a plan to set up broadband service in Greece in time for the 2004 Athens Olympics, and Robinson blamed this failure on his accountants. The accountants, Chantrey Vellacott (CV), had filed for payments due, so Robinson filed a counterclaim saying that CV had caused Convergence to lose a $100 million opportunity. Robinson's counterclaim was ultimately rejected as excessive and factually baseless.

Furthermore, upon cross-examination Robinson was found to have lied repeatedly throughout proceedings. During a pre-scheduled break in the trial, after his poor performance but before the trial could resume, Robinson filed for dissolution of the Convergence companies due to lack of funds to pay any creditors, including the creditor bringing the suit. As a result of Robinson's dishonesty and his ignoring of prior advice from his own attorneys that the suit would fail, he was made personally liable for the company's debts.

Here a 2014 accountants' trade publication describes the case and notes that, although Robinson was held personally liable to pay CV, CV's insurer ended up paying. (This means Robinson is now raising money for Paradigm without ever having paid CV.)

Here a builder magazine cites the case as a cautionary tale against filing frivolous lawsuits. (At this site, you can read one article free within 30 days and then have to register, but you can still see the blurb at the top of the page.)

Here a law review cites it as a landmark case in personal liability for directors of limited liability corporations.

***Highlights from the case of "a dishonest man"***

The case was written up in exhaustive detail by the judge, whose assessment included the following statement: *"Mr Robinson's difficulty is, I regret to say, that he is a dishonest man."*

Although the entire 150-page document is linked below, I've pasted in here some highlights quoted from the judge's account. (Unfortunately the paragraph numbering doesn't always correspond to the longer document, because when I pasted in sections they sometimes automatically renumbered themselves.)

Most of these explain the tangled relationships among Robinson's companies and the dishonesty that led the judge to hold him personally liable for damages to the plaintiff. For the highlights of the highlights, just skip down to any bolded sections:

33. Convergence PLC is a United Kingdom company. Its main office is at Burgess Hill, West Sussex. Until its recent demise it was ultimately controlled by The Broadband Trust, a

discretionary trust of which Mr Robinson was the settlor, life tenant and principal beneficiary; and it was formerly ultimately controlled by Mr Robinson. **He is in his 50s and has some 30 years' experience in the global broadband cable and telecoms industry**, his initial experience being gained during some 13 years spent in the USA. He returned to the UK in 1982. This was a time when the Government was considering deregulating the television and telecoms markets. He saw this as an opportunity to put his experience to effect. Deregulation in the UK started with cable television and was furthered in 1991 when cable companies were also permitted to carry voice telephony.

34. Mr Robinson founded PLC (under a different name) in 1985. It had four main business objectives: (i) bidding for and acquiring a franchise or licences to own and operate a broadband system in particular areas; (ii) system design, construction and installation of broadband cable telecoms systems; (iii) development of television and cable television services; and (iv) provision of advanced telecoms services. **It operated as a holding company for subsidiaries in the telecoms industry, and underwent various name changes until it adopted its present name, The Convergence Group PLC, in June 1996**. By 1996 it had a track record in these various objectives and had franchised areas in the UK covering more than 2.5m homes, which was achieved through various Robinson companies. By then Mr and Mrs Robinson were directors of PLC.

*The events of 1996*

37. As at November 1996 Mr Robinson owned all but one of the issued shares of PLC. PLC in turn owned several UK cable local delivery operator ("LDO") companies, including: (i) Convergence (Mid Sussex) Limited ("Mid Sussex"), and (ii) Convergence (East Grinstead) Limited ("East Grinstead"). Both Mid Sussex (which was developing a telecoms project at Burgess Hill) and East Grinstead featured in the Silk Route story. PLC also wholly owned Convergence Ventures Limited ("CVL").

38. In late 1996 Mr Robinson transferred his personal tax affairs from KPMG to CV. He had a meeting with CV in November 1996 in order to discuss his then Greek project, a forerunner of the Silk Route project. This was when CV first started advising Convergence in relation to Greece. They discussed the need for a group structure for Convergence projects. It was agreed that CV were engaged in 1996 to provide (inter alia) international tax advice to PLC.

39. Mr Robinson had a meeting on 5 November of which CV made a brief file note, item 4 of which was "Group structure/planning". Mr Robinson told Mr Heath that PLC would be bidding on 29 November 1996 for a franchise to supply telecoms services to the Union of Greek Shipowners ("UGS"). This was a project PLC had been discussing with Guinness Mahon Holdings Plc ("GM") since about 1994, and in respect of which in December 1996 SA and GM were to form an 80/20 joint venture. The project involved the building of a broadband data communications network in the Greater Piraeus area of Athens. Mr Robinson explained to Mr Heath that the joint venture would need to be carried out via a Greek company, a bid requirement.

40. Mr Robinson also explained to Mr Heath that: (i) **the Convergence group was undertaking various international projects**; (ii) it intended to undertake two specific telecom projects in the near future in Greece and Russia; (iii) both projects would probably require the group to seek outside funding from investors; (iv) the group intended to undertake further international commercial projects as opportunities presented themselves; and (v) it therefore wished to be re-structured in a manner which was so far as possible (a) internationally tax effective in terms of revenue and capital growth, (b) attractive to potential investors, and (c) sufficiently flexible to allow the group to undertake further projects.

41. Mr Heath wrote to Mr Robinson on 11 November setting out his initial thoughts on the appropriate group structure for the proposed overseas projects. He recorded his understanding that the group's proposals were first to set up a project in Greece and then to acquire an existing project in Russia. He understood the group intended to engage in further projects world-wide as opportunities arose. He had discussed the international tax aspects with Mr Ladimeji and **proposed that the group should set up an offshore intermediate holding company in Cyprus** to establish and acquire the offshore companies required to own/run each project as it arose.

42. On 20 November **Mr Robinson told Mr Heath there was some urgency to set up an appropriate offshore structure** for the UGS tender and they discussed the possibility of using a Swiss company: Mr Ladimeji was to advise Mr Robinson on the tax implications represented by the alternatives. Edward Mercer, a partner in Taylor Joynson Garrett ("TJG"), solicitors, was advising Convergence in relation to the legal requirements of the tender. On 22 November the Geneva office of Loyens & Volkmaars ("LV"), international lawyers, wrote to Mr Ladimeji in response to his request for advice on the establishment of an off-shore structure, their advice being that the best alternative was a Luxembourg holding company with a Swiss branch. Mr Ladimeji relayed that to Mr Robinson by faxing him a diagram of the potential group structure, the basic theme being a structure in which the Convergence group wholly owned a Luxembourg company, which had a Swiss branch. The Luxembourg company would wholly own an operating Greek company and have (with GM) a joint interest in another Greek telecoms operator. **Mr Robinson instructed Mr Ladimeji to arrange for the incorporation of a Luxembourg company that would be owned by PLC** and would itself own the Greek companies engaged in the UGS project.

43. CV then arranged with LV for the incorporation of a Luxembourg company. On 29 November Mr Robinson instructed Mr Ladimeji that **it was to be called Convergence Group International SA (i.e. "SA")**. By 4 December he had also instructed CV to co-ordinate the setting up in Greece of Convergence Communications of Greece EPE ("CCGE") as an SA subsidiary.

44. SA was incorporated as a Luxembourg *Societe de Participation Financiere* ("Soparfi") on 12 December. Soparfi companies benefit from advantageous tax rates provided certain conditions are satisfied. One criticism of the revised Convergence group structure that CV later advised and implemented in March/April 1998 was that it involved the use of a subsidiary company whose status infringed one of those conditions and had the potential to prejudice SA's Soparfi status (this was the defect that was discovered in September 1998).

SA's paid up capital was US$500,000, with 275 (55%) of its issued shares being held by PLC and the remaining 225 (45%) by New World Trustees (Jersey) Limited ("New World"), a Jersey company. New World was the trustee of the Broadband Trust, the trust in which Mr Robinson was a beneficiary, and it held its SA shares as such trustee.

58.
On 25 July Mr Ladimeji faxed Mr Robinson advice about his personal residence and the corporate structure. As for the corporate structure, he advised first that there was no need to administer SA from Luxembourg, it was merely necessary for it to have its registered office there. He advised that **the most appropriate structure was to have SA at the top, with intermediate holding companies below it**: a Cyprus company for all activities in the Middle East and Central and Eastern Europe; another company for European activities; and a third for US activities. He said that "[o]ne of the main benefits is that this will allow outside investors an easier choice of which ventures they want to join and would also allow you greater flexibility in your own capital and borrowing operations. Not least this structure would make tax planning and acquisition and disposals much easier and more effective."

63.
On 14 November Mr Ladimeji sent Mr Robinson his advice as to the steps by which SA could become the holding company of PLC. They were as follows: (i) the starting position was one in which Mr Robinson owned 100% of PLC, which in turn owned 55% of SA, the remaining 45% being owned by "an offshore trust"; (ii) a Jersey company ("Jerco") would be set up and would issue bonds to PLC in exchange for PLC's 55% holding in SA; (iii) Jerco would acquire Mr Robinson's shares in PLC in exchange for its own 55% holding in SA plus notes entitling Mr Robinson to further shares in SA to be issued so as to reflect the greater value of PLC as compared with a 55% holding in SA; (iv) Jerco would transfer the PLC shares to SA in consideration of an assumption by SA of the obligation under the bonds; SA would also issue the promised further shares to Mr Robinson; (v) SA would set up an intermediate holding company to which it would transfer the PLC shares in exchange for shares in the intermediate holding company; and (vi) SA would charge PLC a management charge, the value of which would be used to discharge the bonds. **The end result would be that Mr Robinson and the trust would own SA, which would own the intermediate holding company, which would own PLC.** It is to be noted that step (v) would have the consequential effect of bringing CVL (at that stage a PLC subsidiary) below the intermediate company, of which it would be a sub-subsidiary. Mr Ladimeji's reference to the "offshore trust" was to the Broadband Trust. He ought more accurately to have referred to the original owner of the 45% holding in SA as New World, the trustee.

108.
On 27 April a Convergence diagram of the re-structured group was created. So far as

material, it showed SA as the ultimate parent and as the 100% owner of Fergana and CCGE. It showed Fergana as the 100% owner of (inter alia) Mid Sussex, East Grinstead and PLC. It showed PLC as the 100% owner of CVL.

126.

Even if, which I do not accept, Mr Robinson in fact had a perception that something remained to be done in the restructuring before any internet placing could be proceeded with, **his assertion that this was the cause of the failure of the exercise was untrue; moreover, I find that he always knew it was untrue.** Mr Mercer was unaware of any structural problems at the time. If Mr Robinson had considered that something needed to be done by CV in relation to the re-structuring in order to enable the internet placing to go ahead, he would not have hesitated to make the point loud and clear, including in particular to Mr Mercer. There is no contemporaneous record of any suggestion that any shortcoming on CV's part in relation to the re-structuring was preventing it from progressing the project, let alone a request to CV to put anything right so that it could be progressed. The first time that Convergence voiced a complaint in relation to the internet placing was five years after the event, when they sought to amend their pleadings to raise it. I find that **the case that Mr Robinson sought to make in relation to the internet placing was baseless.** The investigation of the relevant material in the course of Mr Robinson's cross-examination showed this aspect of Convergence's case to be absurd. The claim should never have been made. It was dead by the conclusion of Mr Robinson's cross-examination; and Mr Mercer's evidence buried it.

131.

That statement, from Mr Robinson's own pen, recorded his then understanding that the restructuring proposed by Mr Ladimeji in November 1997 had been completed. The review, including the quoted statement, was later incorporated into the Directors' Report in PLC's accounts for the year ended 31 December 1997, which Mr Robinson signed as true on 19 October 1998. **His evidence at the trial, however, was that at that time he "was far from clear" as to the extent that the restructuring had been completed, or completed properly. If that was true, he was being untruthful in the report he had produced and included in the group's accounts. If he was being truthful in that report, he was being untruthful in his evidence. Mr Robinson recognised the dilemma and had no satisfactory answer to it**, his responses being successively that: (i) he was "hopeful" at the time that the structure was complete, but that he suspected it was not, but had no recollection of this report; (ii) at the time he had just appointed PwC and so he "obviously had concerns over whether the structure was complete or not"; (iii) "clearly from this I believed that that was the case in terms of what I put in the accounts" and (iv) "There is an inconsistency, certainly," [between my witness statement and the contemporaneous documentation], "I suspect the accountants produced it and that is what we had hoped was the case, but we were investigating it at the time and the documents show that."

*The structure of the Convergence group*

235. It is relevant first to consider the relationship between the group companies and the extent of the respective interests of Mr and Mrs Robinson in them. The basic position is explained in Mr Robinson's witness statements. **The ultimate owner of the group is The Broadband Trust ("the Trust")**. The Trust was established in August 1999 and is said to have "replaced" a trust known as the Orbis Trust which Mr Robinson had established in February 1991. The Trust was originally administered by New World Trustees Limited ("New World") and now by **JTC Trustees Limited**.

236. The Trust owns 45% of SA. Corsaire Limited ("Corsaire") holds the remaining 55%. The Trust owns 100% of Corsaire. It also owns 100% of Fergana, which in turn owns 100% of PLC (Mr Robinson's and Mr Waterhouse's shareholdings in PLC are held as nominees for Fergana). **The Trust also owns 100% of Convergence Aviation Limited and 94% of Convergence Aviation and Communication LLC. It follows that the key companies in the group are all ultimately wholly owned by the Trust**.

237. **Under the Trust, and so far as material, Mr Robinson is the principal beneficiary and Mrs Robinson is a named beneficiary.** The beneficiaries also include their children or remoter issue. The essential terms are that the income is paid to Mr Robinson for life, with remainder to Mrs Robinson for life (with wide powers of advancement in their respective favours with the protector's consent), but on terms that, with Mr Robinson's consent (or that of the protector after his death), the trustees may make discretionary payments of capital and income elsewhere. The trustees have wide powers of investment.

238. **By 23 August 1999 the Trust had been funded with some £8.3m deriving from the Orbis trust, itself derived from settlements made by Mr Robinson following sales by him of shares in his companies. Between 2000 and 2004 he paid further sums to the Trust, bringing the total payments to it, including the £8.3m, to £11.069m**. The details of those further payments are: (i) 2000, £262,000; (ii) by July 2001, £717,000; (iii) between August and December 2001, £1.534m, which was advanced to SA, which remained involved in the Silk Route project until 2003; (iv) 2002, £235,000, also advanced to SA; (v) 2003, £2,000, for a deposit on a property purchase which did not go ahead, with the consequence that the deposit was forfeited; (vi) 2004, £25,000, for the payment of the trustees' fees. The remaining balance was paid out, prior to the litigation, to SA or to other operating companies in the group.

239. It is not disputed that the Trust has never made any income payments or capital distributions to either Mr or Mrs Robinson. That is because **the Trust has simply used all the money settled upon it by way of loans or other investments in Mr Robinson's business ventures**, including in particular SA, which was the primary claimant in the litigation. I should record Mr Jacobs submitted that it is not accurate to regard Mr and Mrs Robinson as having had no direct benefit from the Trust, since he said that New World had

in fact paid them substantial salaries and pensions on behalf of group companies which it was said were not in a financial position to pay them themselves. The response to that proposition was that it reflected a misunderstanding of the New World's role in relation to the payments, which was not in its capacity as trustee of the Trust but as the administrator of the paying companies. I am not in a position to resolve that difference on this application, and I propose to proceed on the basis that Mr and Mrs Robinson have not received any payments as beneficiaries of the Trust.

244. There was then a gap in the board minutes until those of a board meeting on 21 July 2006. Mr and Mrs Robinson were present (with Mr Robinson in the chair), and Mr Waterhouse and a Mr Vaughan Johns were in attendance. There were the usual apologies from Messrs Rosewell and Hindley. This meeting did not concern the litigation, but related to the making of an outline bid for Exeter and Devon Airport Limited by SouthWest Regional Airports Limited ("SRAL"), PLC owning 40% of SRAL (a project known as "Project Urn"). The board resolved that PLC would procure or provide working capital funding by way of a loan to SRAL, and noted that this was likely to be supported by a facility from Lloyds TSB.

245. On 18 August 2006 there was a board meeting at Coxland Farm. Mr and Mrs Robinson were present. Mr Waterhouse was in attendance. There had been discussions between SRAL and Lloyds for a facility for Project Urn, but the board noted that neither SRAL nor PLC could provide the requisite security to Lloyds and so the application had not proceeded. Mr Smith of Lloyds had, however, indicated that a loan structure via Amador would be acceptable. The board noted that Amador was prepared to enter into an arrangement with Lloyds, provided that PLC entered into a loan agreement with Amador. The board then resolved to enter into the latter loan agreement, the agreement being tabled. The minutes noted that the funds from Amador would enable PLC to provide the working capital funding required by SRAL for the purposes of Project Urn. On 25 August 2006 Lloyds offered Amador a sterling overdraft facility of up to £750,000 on the provision of security under four heads, including a charge over Coxland Farm.

246. On 6 September 2006 a board meeting held at Coxland Farm was attended solely by Mr and Mrs Robinson. There were apologies from Mr Hindley and Mr Rosewell. The minutes recorded Mr Robinson's explanation about the litigation to Mrs Robinson. There had been a recent consultation with Mr Swainston, Mr Brannigan and Mr Highley (of DAC). The total DAC cost estimate for the trial was now some £6.6m, the original estimate having been £2.2m. DAC was proposing to present invoices for some £1.2m in respect of the July/August period. Mr Highley had indicated that if DAC were paid £1m in September, they might work on the basis of carrying £0.6m on their sales ledger. The minutes continued:

> "3.4 It was noted that until the latest set of charges from DAC, [PLC] had been able to fund the on-going cost of the Litigation entirely from its own group resources and cashflow.

3.5 Advice from the legal team remained positive: [CV's] negligence would be proven and damages and costs were likely to be recovered.

3. 6 It was resolved that [PLC] would continue the litigation at least until the court break scheduled for a week in early November.

3.7 DAC would be authorised to initiate settlement discussions with [CV] at the earliest opportunity."

247. The minutes turned to the funding of SRAL for Project Urn. In view of "the immediate short-term funding drain on [PLC]," Fergana (PLC's shareholder) was to be approached with a view to its ability to accelerate repayment of its long-term loan from PLC and as to whether it would fund SRAL's need for working capital. The minutes reflected that PLC was running out of money and needed to find £1m quickly. By that stage the proposal was that, because of PLC's straitened circumstances, recourse was to be had to Fergana to fund Project Urn. The proposal that Amador would raise the money for that project appears to have been shelved. I will come later to the advice given by counsel to Convergence (which was represented at a consultation the day before by Mr Robinson), which shows that the summary of it in paragraph 3.5 was untrue.

248. On 11 September 2006 DAC wrote to Mr Robinson, with a copy to Mrs Robinson. The letter recorded an agreement that Convergence had made to pay a total of £1.1m in instalments between 12 September and 9 October. The payments were in respect of past fee notes and on account of future costs.

249. On 12, 19 and 26 September Amador paid a total of £735,000 to PLC, which in turn paid DAC. On 27 October Amador paid a further £98,000 to PLC, which in turn paid it on to DAC. Amador therefore provided £833,000 towards the costs of the trial. Mr Robinson's case is that these were Amador payments and so nothing to do with him. Mrs Robinson says she knew nothing of the money having been applied in the payment of costs until afterwards. She claims that she believed they went towards Project Urn.

250. On 16 October 2006 there was another PLC board meeting. Mr and Mrs Robinson were present, with Mr Robinson in the chair. Mr Rosewell was present by telephone. The board approved the 2005 accounts. Paragraph 5 of the minutes noted that PLC had been providing financial support to CIAO and its subsidiary, SRAL, for Project Urn. The note continued "To continue to provide this funding, [PLC] had entered into a Loan arrangement with Amador Limited in August and the first draw-downs against this arrangement had taken place on 12 September 2006. The new funds had been utilised to assist CIAO and to continue funding for the law suit between [PLC] (and [SA]) and [CV]." Paragraph 5.2 noted that DAC required payments of £100,000 a week to fund the trial. If those minutes are an accurate record of what happened at the meeting – and they were later signed so as to signify that they were – the quoted words told Mrs Robinson that Amador had been funding the litigation (it also made its £98,000 payment on 27 October, which was after this meeting). Mrs Robinson, however, denies that she knew that. The directors' report in the 2005 accounts referred to the current litigation with CV and noted that "there are risks associated with any litigation, but the company is confident of its case." It cannot be said that Mr Swainston was so confident, whatever view the others in the legal team may have had, and Mr and Mrs

Robinson both knew that. It can, however, I suppose be said that they were entitled to think they knew better than Mr Swainston.

251. On 18 October 2006 Mr and Mrs Robinson, and Mr Vaughan Johns, purportedly held a board meeting of Fergana, although there is some question as to whether they had ever been appointed directors. Mr Robinson reported that PLC had requested funding from Fergana to fund the litigation. It had also been providing financial support for Project Urn. In the event the Project Urn bid had failed, resulting in the incurring of £700,000 irrecoverable costs. PLC is said to have suggested that Fergana could take over the debt due to PLC from Corsaire. All options to assist PLC would be explored.

252. On 20 October 2006 Mr and Mrs Robinson held a board meeting of PLC, with Mr Rosewell attending by telephone. Paragraph 4.1 of the minutes noted that Fergana had offered to take over PLC's liability to repay its debt to Amador, which was stated to be about £745,000, but was in fact £735,000. PLC resolved to accept Fergana's offer and paragraph 4.2 resolved that "the loan balance was now to be treated as an interest-free debt payable to Fergana by [PLC]." The effect of that was that Fergana was to pay Amador and PLC was to reimburse Fergana.

253. On the same day there was a board meeting of Fergana, attended by Mr and Mrs Robinson and Mr Vaughan Johns. Paragraph 2.2 referred to Mr Robinson's recent discussions with Mr Brannigan and DAC to the effect that they were both positive that the case would be won and that damages would be recovered from CV. There was no reference to Mr Swainston's view on the prospects, and his views were not positive. The minutes record resolutions on various matters. Fergana was to provide immediate cash of £400,000 to PLC and would assume the PLC liability to Amador, the current balance being put at £800,000. In addition, Fergana would seek to increase its borrowings from directors when possible.

*The hearing on 20 December 2006*

254. This was the hearing at which Mr and Mrs Robinson sought a three-month extension to answer CV's evidence. CV had asserted in their evidence that Amador had funded the litigation. They knew that on 26 October 2006, close to the beginning of the trial, Amador had mortgaged the farm and they inferred that that was for the purpose of raising money to fund it. Both Mr and Mrs Robinson were in court. In relation to the Amador role their instructions to counsel then appearing for them in relation to that matter were relayed as being that "The mortgage on the farm was taken in order to provide funding for another company's project. It was not taken out in order to provide funding for this litigation." There is no dispute that the mortgage was dated 26 October 2006, and the inference is that the earlier drawdown on the Lloyds overdraft facility was permitted because Lloyds's other security was sufficient. **The explanation that Mr and Mrs Robinson gave to counsel was at best a half truth**: it may be that the mortgage was granted in pursuance of a prior commitment and that its original purpose had been to raise money for a purpose unconnected with the litigation. But by 20 December 2006 **there is no doubt that Mr Robinson knew**

**that the Amador money raised on the security of that mortgage had been used for the litigation; and, despite her assertions to the contrary, it is not easy to see how Mrs Robinson did not know that as well because she had been at the relevant board meetings**, including in particular that of 16 October 2006. Nevertheless she denies that she had learnt of the application of the Amador money until after the event. **Those instructions to counsel were therefore less than frank, at least insofar as they came from Mr Robinson. That is not the first time he has given misleading instructions to counsel**. He also did so in relation to a matter that arose in the course of the case management conference held before me in February 2006. I make it plain that on neither occasion was there any question of counsel being aware of the falsity of, or lack of candour in, his instructions. He also advanced a misleading case to the court in support of his defence of this application.

255. Following that hearing CV asked questions of Mr and Mrs Robinson about why Coxland Farm was mortgaged and why the Amador overdraft arose. Mr Robinson made a witness statement in January 2007 by way of an asset disclosure, including an answer to those questions. He gave lots of information about Project Urn and described the completion of the charge on 26 October 2006 at the commencement of the trial as "an unfortunate coincidence in timing." No-one reading his explanation would know that the Amador money raised from the mortgage was not applied towards Project Urn, but towards funding the litigation, and the inference is that the intended sense of the "unfortunate coincidence" point was that this was nothing to do with the litigation. A candid answer would have explained that **£833,000 raised on the security of the mortgage was used to fund the litigation**, whatever may have been the original purpose of the Lloyds overdraft. Mrs Robinson answered the like question by reference to Mr Robinson's answer and her explanation was exclusively Project Urn orientated.

256. CV's solicitors were quick to divine that the Amador money was not used for Project Urn and asked Mr and Mrs Robinson's solicitors to explain the position. They admitted, on behalf of Mr Robinson, that some of the Amador money was used to pay DAC. This was the first time that admission was made. They did not make a like admission as regards Mrs Robinson. All they said on her behalf was that she remembered consenting to the mortgage for the purposes of the airport bid. The essence of what they said was that she was unaware of any use of the Amador money for the purpose of funding the trial.

259. PLC produced its 2005 group accounts to CV on the first day of the trial, 23 October 2006. They had been signed on 20 October 2006. They showed a profit for the year of £603,687 compared with the previous year's loss of some £1.2m and compared with the profit of £945,230 shown in the management accounts. The group balance sheet showed shareholders' funds of £8,645,004, including net current assets of £2.242m. One of the trading subsidiaries (**Convergence Aviation and Communications Limited, formerly Convergence (Mid Sussex) Limited**) had turnover for the year of £1,287,020 and a profit of £747,380, although its retained loss carried forward was some £3.5m and it had net current liabilities of approximately the same figure. The other trading subsidiary was **Convergence Airport Design Construction & Technologies Limited (formerly Convergence (East Grinstead)**

**Limited**). That company had a profit for the year of £362,452, but a retained loss carried forward of £3,229,243 and net current liabilities of about the same figure.

260. **Within four weeks both PLC and SA entered into administration and the information from the administrators was that there would be no dividend for unsecured creditors.** The first meeting of creditors of PLC was on 26 January 2007. The administrators provided a progress report on 20 February 2007. It revealed a depressing picture. £6,752 at the bank was recovered in full. There was furniture, equipment and a car perhaps worth £3,500. £8,033,111 was owed to PLC by group companies, including some £3m by SA, also in administration. The balance was due from Fergana. The administrators' assessment was that none of this would be recoverable. A further debt of £111,350 was disputed and unlikely to be recovered. Four subsidiaries were shown in the accounts as having a value of £811,006, but were all apparently balance sheet insolvent. **No distribution to any class of creditor would be possible.** I have earlier referred to the statement of affairs that Mr Robinson signed on 28 March 2007 and to the fact that both PLC and SA went into compulsory winding up on 23 May 2007, on petitions of the administrators. The inference is that **the intangible assets had been very materially overvalued**. CV submitted that this turn of events raises serious questions which require answers. These accounts were the responsibility of the directors, who include Mr and Mrs Robinson. No evidence has been produced as to why these intangible assets are worthless.

261. There was a good deal of accountancy evidence as to the justification or otherwise of those accounts. For CV, Mr O'Beirne made a witness statement on 29 November 2006. He reviewed PLC's 2005 and prior accounts and expressed the view that the picture created in them as a company with substantial net assets and in a position to pay costs appeared misleading and false. The accounts were bedevilled by connected party loans and the principal asset appeared to be the goodwill resulting from the acquisition of the two subsidiary LDOs. He questioned how they were so highly valued and expressed the view that the goodwill should have been written off, which would have reduced the net assets and shareholders' funds shown in the balance sheet. He referred to the moving of assets between various companies, but with no explanation for them. He identified unexplained and significant differences between the 2005 management accounts and the subsequent audited accounts. He identified various questions and concluded by saying that, absent a full explanation, it appeared that PLC and its directors had produced misleading accounts during the litigation.

262. **This, therefore, was a case in which Mr Robinson gave all the instructions from the outset, and of which he was in practice in *de facto* control from the outset. He stood to benefit from the case, since the ultimate beneficiary of any success was the Trust, of which he is the primary beneficiary. His personal interest in the litigation was reflected in the fact that towards its end he applied £120,000 of his own money towards its cost; and he can also be regarded as providing, through Amador, 60% of Amador's contribution to the funding, or £499,800 (a contribution he sought to conceal from the**

**court by giving misleading instructions to counsel). He knew the case was factually unfounded, yet despite that and all the negative advice he had received, he chose to pursue it to trial. During the trial he was exposed as an evasive and untruthful witness who devoted himself to an endeavour to make good a groundless case. To cap it all, he had for all practical purposes prevented CV from obtaining security for costs, being responsible for the promulgation by PLC of management accounts and, later, audited accounts which presented a financial position which turned out to bear no relation to the true position and in respect of which he has since vouchsafed no explanation. All these circumstances collectively made the case an exceptional one within the meaning of the authorities, and one in which the court could and should consider whether, as a matter of discretion, it would be just to order Mr Robinson to pay CV's costs.** Why, CV submitted, in all those circumstances should someone such as he, who has been personally responsible for the prosecution of a false and dishonest case, and who has therefore caused CV to incur the costs they did in defending the case, not be personally responsible for payment of those costs?

263.

There is, however, this mystery. If, as I have found, Mr Robinson knew the claim to be based on a false basis from the start, why once he learnt that its fatal flaws would be exposed at the trial did he press on with it? I have no clear answer to that. **It is possible that he had at some point convinced himself of the truth of his own untrue case and had actually come to believe in it. If so, that may be because it appears to be so much part of his own personal agenda to say and write things which he is later ready to disclaim as having misrepresented the truth at the time that, after a lapse of seven years from the events as they had happened, he was unable any longer to identify the true from the false. Mr Robinson's difficulty is, I regret to say, that he is a dishonest man.** I do not, however, propose to consider this further. I find that this was a speculative, opportunistic case that was pursued to the lengths that it was on Mr Robinson's instructions, who sought from the beginning to make a case he knew to be false, whatever (if any) different views about it he may later have convinced himself of. I find that the case was improperly brought and pursued, and its pursuit on Mr Robinson's instructions caused CV to incur the costs they did in its defence. Overall I regard this as a plain case for the making of the requested order for costs against Mr Robinson and I will do so. The circumstances relating to the production of the 2005 management and audited accounts merely underline the justice of such an order.

The judge's account in full (about 150 pages) is here:
http://www.bailii.org/ew/cases/EWHC/Ch/2007/1774.html

***Dissolved Convergence-era companies of which one or both Robinsons was a Director***

Source of company data unless otherwise indicated.

Brent Walker Communications Ltd. (Alan only) 1989-1993
Mainline Television Ltd. 1993-?
London Atlantic Ltd. (Alan only?) 1994-1995
Dynamic Web Solutions Ltd. (Gail only) 1991-199?
Eurobell (Sussex) Ltd. 1991-1996
Eurobell CPE Ltd. 1992-1996
Eurobell (South West) Ltd. (Gail only?) 1994-1996
Eurobell (West Kent) Ltd. 1994-1996
The Cable Communications Association Ltd. (Alan only?) 1994-1996
The Intelligent Network Channel Ltd. 1995-?
European Broadband Systems Ltd. 1995-?
Eurobell (Holdings) Ltd. 1994-1996
Eurobell Ltd. 1995-1996
Eurobell (No. 3) Ltd. (Gail only?) 1995-1996
Eurobell (No. 4) Ltd. 1994-1996

In this article Robinson denies a 1995 rumor that he plans to sell Eurobell. The same story refers to Telewest as a separate company, so Telewest could not have been "founded" by Paradigm, unless the founder of Telewest is now (2014) a Paradigm director.

Robinson seeks investors for Eurobell in 1996.

European Convergence (Managed Services) Ltd. 1994-?
Convergence Techonology Ltd. 1995-?
Convergence (LPA) Ltd. 1995-?
Convergence (Somerset) Ltd. 1996-?
Convergence (Yeovil) Ltd. 1996-?
Convergence Aviation and Communications Ltd. 1995-2008

Acc to this Bloomberg site, the company's primary business was providing broadband communications.

Convergence Aviation (UK) Ltd. 1995-2008

In 2008 Convergence Aviation and Image Air of South Florida sued a London company ("BBB") for an improper repair by a Dallas subsidiary in 2005 to the engine of a small plane which crashed years later. By the time of the suit, Convergence should have been dissolved, so I'm not sure how the suit went

forward, or why it was filed in Illinois. Despite four "motions for discovery" by the plaintiffs to find documents proving that the London company was responsible for its subsidiary, the judge found that the plaintiffs wanted proof that didn't exist. However it proceeded, in 2012 the case was here found not to belong in the jurisdiction of Illinois. The site format doesn't allow copying, but details about the plaintiffs' insistence on pressing BBB for documents beyond what the court considered reasonable are on p. 16 (section C, Jurisdictional Discovery).

Convergence Airport Design Construction & Technologies Ltd. 1996-2008

Despite the name, acc to Bloomberg this was a telecom company.
Notice of insolvency in August 2008.
Final liquidation notice to creditors in May 2011.

Convergence International Aviation Ltd. 1995-2008

Convergence International Airports Organisation Ltd. 2003-2008

CIAO is referred to here as the "technical management team" of CAFCO, owner of Coventry Airport.

CIAO LBIA Ltd. 2006-2008

ERRAF Ltd. 2004-2008

Orval Yarger of Bloomington was a Director (Pilot) of this company, which acc to this self-description was "an Anglo American JV holding company and the key shareholder in CIAO, a British aviation development company."

CAFCO (Coventry) Ltd. 2005-2008

CAFCO was formed to purchase Coventry Airport. .

CVT Solutions Ltd. 2005-2008.

I'm not sure what this company was about: "CVT" is the symbol for Coventry Airport, but it could also refer to an aircraft engine component called continuously variable transmission.

West Midlands International Airport Ltd. 2005-2008

This airport is the same as Coventry.

Southwest Regional Airports (Exeter) Ltd. 2006-2008

Some details of the company's dissolution.

Southwest Regional Airports (Spain) Ltd. 2004-2008

Despite the name, acc to this site, the company is an educational establishment.

Skypark-Exeter Ltd. 2005-2008

Skypark is a proposed industrial/office park at Exeter Airport that had not been built as of March 2014 and is being outpaced by another development.

Amador Ltd. 1991-2008

The name under which the Robinsons' operated their equestrian farm in Exeter, Coxland Farm, where they also held some of the board meetings referred to in the 2007 court case.

## III. Details for the Post-Convergence era

All ventures begun after 2008 are energy-related, and none have websites except Paradigm BioAviation. The links included are to CompanyCheck.co.uk or similar databases.

### *Gail's solo venture*

Aside from the Paradigm companies listed below, the only post-2008 company is:

Devon Bio-Nutrients and Energies Ltd. 2010-present

Gail is the only Director.

Gail's LinkedIn profile lists this company as her only "Experience." She also lists her "top skills" as renewable energy, gas, oil/gas, energy, business strategy, petroleum, procurement, engineering, contract management, and offshore drilling. Her profile says she "also knows about" the energy industry, process engineering, and EPC.

According to notices cited from public records in the London Gazette, since July 2011 the company has been under a "compulsory strike-off" that has been "suspended" three times, the most recent in February 2014. (Scroll to bottom of link; site format won't allow legible copying.)

### *A note on names*

During the Convergence era, both Robinsons registered all their 30+ companies under the names Alan Stuart Macdonald Robinson and Gail Farrin Robinson. By contrast, their Paradigm companies show up under the names Alan Stuart Robinson and Gail Farrin-Robinson (hyphenated). At first I thought Alan Stuart Robinson must be a son of Alan Stuart Macdonald Robinson, but they are the same person. Since the Robinsons' permanent address also changed when the Convergence debacle forced them to sell their farm, the effect of these slight name tweaks is that, depending on which database you use, the Convergence-era history may not show up unless you search under the original names. In that case, both Robinsons appear to have no company history prior to Devon Bio-Nutrients and Paradigm.

For example, compare this listing from CompanyCheck.co.uk for Alan Stuart Robinson:

> Alan Robinson holds 4 appointments at 4 active companies, has resigned from 1 companies and held 0 appointments at 0 dissolved companies. Alan began their first appointment at the age of 57. Their longest current appointment spans 4 years and 0 months at PARADIGM ENERGIES LTD.

to this listing at the same database for Alan Stuart Macdonald Robinson:

> Alan Robinson holds 0 appointments at 0 active companies, has resigned from 26 companies and held 8 appointments at 8 dissolved companies. Alan is not registered as holding any current appointments.

Here's the listing for Gail Farrin-Robinson:

> Gail Farrin-Robinson holds 1 appointments at 1 active companies, has resigned from 0 companies and held 0 appointments at 0 dissolved companies. Gail began their first appointment at the age of 62. Their longest current appointment spans 2 years and 4 months at PARADIGM ENERGIES EQUITY PARTNERS LLP.

And the listing for Gail Farrin Robinson:

> Gail Farrin Robinson holds 2 appointments at 2 active companies, has resigned from 16 companies and held 14 appointments at 14 dissolved companies. Gail began their first appointment at the age of 41. Their longest current appointment spans 21 years and 9 months at THE CONVERGENCE GROUP PLC.

It's not rocket science to make the connections, but it takes some extra steps. (My opinion: I don't see any reason why, after 35 years in business, Gail should suddenly hyphenate her name and Alan should drop a middle name except to distance themselves from their track record.)

***Paradigm companies***

The following information is taken from commercial websites such as CompanyCheck.co.uk and OpenCompany.co.uk. Listings are only as up-to-date as the filings by the directors. In the case of Paradigm Energies Equity Partners (PEEP), the list of members is clearly out of date, because Lester Vicary (the Peoria attorney who hung up on me) is still listed but he wants nothing to do with Paradigm. Brumwell, who recently resigned from two of these companies, has probably also resigned from PEEP.

All the Paradigm companies listed below have the same London address (145-157 St. John Street, London ECN 4PN). As above, the links are to CompanyCheck, where you can follow the tabs in the navigation bar to see the lists of directors for each company.

Paradigm Energies Ltd. 9/2010-present

Directors Alan Stuart Robinson and Orval Jens Yarger of Bloomington

Former Company Secretary James Brumwell (attorney) left the board in 2/2014 and was replaced as secretary by Oliver James Robinson on 9/18/2014.

Paradigm Technologies and Systems Ltd. 9/2010-present

Alan Stuart Robinson is currently the only director, because James Brumwell resigned as Company Secretary earlier in 2014.

Paradigm Energies Equity Partners Ltd. 4/2012-present

Acc to this source, Paradigm Energies Ltd., Alan Stuart Robinson, and Orval Yarger of Bloomington are the only "designated LLP members."

The "non-designated" members from both sources include Charles John Keene, Clayton Tolley, David John Waterhouse, Douglas Nord, Gregory Kent Vail, James Edward Brumwell, Jim Leonard, Kenneth R. Rittenhouse, Lester William Vicary, Malcolm Murphey, Michael Andrew Fearfield, Oliver James Robinson, Stephen Johnson, Christine Saunders, Gail Carolyn Ferrin-Robinson, Margaret Flanagan, Nancy Iacobucci, Mindy Chebaut, One5Two LLP, and Zmundo.com Productions Inc.

Paradigm Carbontrust Parners Ltd. 11/2012-present

Directors Alan Stuart Robinson (b. 1961) and Oliver James Robinson (b. 1988)

***Paradigm BioAviation***

The UK company directories do not list Paradigm BioAviation. I assume it's incorporated in the US, but I haven't tracked this down yet.

Here's an odd article from the oddly incomplete website of a Charlotte, NC, marketing company called brandsymbol (no capital), which claims that they came up with the Paradigm name and that Paradigm BioAviation "has had tremendous success." I came across this same unusual company name when tracking the members of PEEP, but I don't remember now exactly which one was connected with it; if my memory is correct, then brandsymbol's boasting about Paradigm's tremendous success is tied to a hope of future profits. The highlights are mine:

> **Challenge**
> With the increased global awareness for green energy solutions, the world will eventually replace the diminishing fossil fuels we currently depend on with renewable bio-fuel.
>
> Alan Robinson, the founder of Paradigm BioAviation, is currently executing his vision to produce and deliver Bio SPK synthetic jet fuel using renewable sources. This includes: but is not limited to algae, municipal waste and woody-mass product (like camelina and yard waste materials).
>
> The renewable and alternative energy industry is the new generation of global energy companies. Currently, there are over three thousand companies, in the U.S. alone, developing alternative fuel strategies.
>
> One of the most important questions Alan kept asking was, "How do we develop a brand that stands out- but still conveys what we do? How do we define ourselves?"

**Solution**

After engaging brandsymbol, Alan recommended attending several industry events including the ABO (Algal Biomass Organization), Green Power Conference and IATA Aviation Fuel Forum Conference to better understand the emerging industry that is shaping the future of renewable and alternative energy. After attending the events, brandsymbol began working closely with the CEO and executive staff to develop the brand strategy and new corporate brand identity that would position the company for success. **During one of the Insight Strategy Workshops, the brandsymbol team discovered an opportunity to define the new company and areas of exploration. brandsymbol wanted to create a brand that would bring attention the paradigm shift taking place in the industry. The new identity, Paradigm BioAviation, was created along with a position and messaging statement that included the "crop-to-craft" tagline.**

**Over the past two years, Paradigm BioAviation has had tremendous success within the aviation industry, government, academia, private and public sector segments.** In the not so distant future, you may be flying in a commercial jet that is fueled by Paradigm BioAviation.