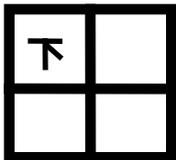


THE
SHIMODA
KRAKEN
G.P.
Recovering value
from distressed
companies &
investment funds



managed by

SHIMODA CAPITAL PARTNERS
www.shimoda-ltd.com



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Overview of the GP/LP

The Structure...

A Luxembourg General Partnership (“GP”) investing via bespoke Limited Partnerships into distressed companies & funds worldwide, targetting asset recovery based on a rigorous financial investigation process. LP crystallises tax loss at exchange, reduces custodian fees!

A very low cost, tax efficient structure versus a regulated investment fund

GP management with extensive financial markets and asset recovery experience,

Experienced investigative advisory firm, pursuing fraudsters and recovering assets since 2003, as well as an established network of law enforcement personnel, regulators, lawyers and press..

Investment objective : Maximised return to investors, and justice...

Small upfront fee, no fees thereafter other than a Success Fee 20% payout on any recovery sums

Named after the kraken, a monster that terrorised international navigators...

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Overview of the GP/LP (2)

and the Investigation Advisors, Intel Suisse...

- **An informal association of financial investigators, ex-law enforcement officers, investigative journalists, and financial analysts. All driven by the same motive, to bring fraudsters to justice, and recover assets for investors.**
- **Growing international recognition with law enforcement bodies, regulators, press organisations and journalists, lawyers, accountants, and Fund service providers.**
- **Working knowledge of fund fraud, insider trading, fraudulent preference, money laundering, market manipulation, misrepresentation, negligence, wilful malfeasance, audit fraud, and service provider failure**

www.intel-suisse.com

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GP Objectives & Strategy

Objectives

- GP experienced team seeksto maximise recovery per LP structure
- LP structure ring-fences shareholders from any other LP legal counter-actions brought
- To recover defrauded assets for investors and restore investment value
- To bring fraudsters to justice
- To plug holes in regulations in jurisdictions, advising regulators on potential problems
- To “name and shame” fraudsters, to reduce “repeat” business
- To educate investors and prevent future fraud

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GP Objectives & Strategy

Strategy

- **Analyse and research investment vehicle and management for failings and losses**
- **Identify recovery opportunities from “low-hanging” fruit – a negligent service provider, a deficient auditor, triggering insurance policy for investment losses..**
- **Commence a media campaign for awareness and galvanise investor action**
- **Pro-act as a shareholder, calling EGM/AGM's, challenge management, seize control**
- **Identify criminal behaviour and report to law enforcement (fraud, money laundering etc..)**
- **Work with regulators to identify breaches in local rules**
- **Where appropriate, file civil complaints**
- **Negotiate or force financial settlement, or seize assets for distribution.**

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Reference Cases

LFP I / Aventor - Columna – Equity Power Fund - €100 million fraud (2018-)

- Worked with law enforcement/regulators in 6+ jurisdictions
- Shareholder support to seize control of board of directors
- Active discovery and investigation revealing further “transgressions”..
- Multiple litigations against service providers

Basis Capital Funds - \$1.2 billion sub-prime fund group (2008 - 2017)

- Successfully sued Goldman Sachs, Morgan Stanley, Citibank, Deutsche Bank
- Acted as industry expert to Chief Counsel, US Senate Sub-Committee on Investigations
- Whistleblower on Timberwolf sub-prime fraud - https://www.youtube.com/watch?v=skqU_a51TWk
- TV coverage in USA and Australia, global press coverage

Australian/UK Group - \$6.6 billion global fraud (2014- case pending)

- Worked with law enforcement/regulators in 20+ jurisdictions
- Prison sentences in Germany, Taiwan and China
- Major global press coverage

CFO Fraud in USA - \$150,000 theft (2003-2005)

- Arrest and suspended prison sentence
- Recovery of 80% of funds

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Why are there so many “distressed” funds?

“We use this term lightly – the reality is that many fraudsters outsmart the regulators, play on cross-border weakness of law enforcement, that investors are private or constrained through nominee companies and co-ordinated action is difficult, and of course the fraudsters can afford the legal action, because they have already taken the investors' money..”

Not a favourable risk/return investment profile once defrauded...

- Most regulators are too innocent, unskilled in fraud detection, or lack sanction powers
- Financial fraud is often too sophisticated or complex for financial investigation units
- Certain jurisdictions rely on the financial industry to generate major revenues, therefore they resist prosecuting or highlighting financial fraud
- For major fraudsters there are many pleasant safe havens with no extradition treaties
- Investors often are limited in financial resources to chase their lost assets

We believe the number of distressed funds and fraud cases is huge, much bigger than the regulators and press can imagine. Law enforcement is overwhelmed...

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The Financial Recovery Process – Step 1

What the Shimoda Kraken Company will do..

- **Identify whether or not the situation can be remedied**
 - Better to cut the losses early, especially where emotional energy is involved
 - Look beyond fraudsters – where service providers at fault, or the directors?
 - Is insurance available and a policy can be triggered – let the insurer pursue the fraudsters
- **Build a shareholding – there is strength in numbers..**
 - Often 10% shareholding allows for calling of General Meetings
 - Greater representation gets the ear of regulators and law enforcement
 - The press likes a good story, albeit referencing investor misfortune
 - Over 50% offers board control – especially as nominee companies usually don't vote
- **Working & communicating with shareholders**
 - First level of fraud is to keep all shareholders in the dark, for as long as possible
 - Compare notes, build shareholder support, circulate information
 - Sharpen the case – collective investigation is powerful

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The Financial Recovery Process – Step 2

What the Shimoda Kraken GP will do..

- **Talk to the fraudsters...**
 - **Sadly fraudsters will “rob Peter to pay Paul”.. Not our problem, in most cases!**
 - **There is always a chance of settlement if that avoids arrest and conviction**
 - **Maybe they made a “mistake”, but if they offer to repay that's a start**
- **Bring in regulators and law enforcement**
 - **Use the resources available to add pressure**
 - **Often the authorities have greater discovery power than the private sector**
 - **Arrests and interviews can often accelerate settlement discussions**
- **Initiate a press campaign to “name and shame” and bring in more shareholders**
 - **Media pressure can facilitate settlement, and also pressure authorities to act**
 - **Media exposure may cause panic with the fraudsters – and mistakes help**
 - **Global media exposure limits the chance to run and hide**

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The Financial Recovery Process – Step 3

What the Shimoda Kraken GP will do..

- **Litigate**
 - Potentially expensive, but at least registering a complaint, civil or criminal, adds pressure to settle...
 - Litigation funders take payout risk and act as a good assessor of the cases' merits
 - Possibility to freeze assets and force discovery
- **Work with law enforcement & regulators**
 - Arrests, seizure, even sentencing – all helps to recover assets
 - Again, discovery is often enhanced, and information can be vital for recovery
 - They have the power, we have the investment intel – we work together
- **Recover what we can**
 - Seek. seize and sell” – any recovery is better than zero
 - Go for damages claims, insurance payouts, out-of-court settlement
 - Investigate investor protection schemes for applicability

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Investing in Kraken - Benefits

Why should you swap your distressed shares for Kraken shares?

- **Strength in numbers ==> for settlement negotiation**
- **Strength in numbers ==> regulator/law enforcement involvement**
- **Strength in numbers ==> increased press coverage**
- **Immediate tax losses crystallised for investors**
- **No legal costs or ongoing costs of recovery, only a success fee pay out**
- **We know the process, we have years of markets and recovery experience**
- **We have built an extensive network of regulators, law enforcement and press people**
- **We are good at what we do!!!**

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Summary of Offering Terms

- GP/LP Structure :** Luxembourg GP managing team, ring-fenced LP's per each recovery share class
Much lower costs than a regulated fund
- Objective & Strategy:** Maximise recovery of investors' funds, seek justice..
Benefit from strength in numbers re law enforcement, regulator, press involvement
Prevent repeat fraud
- Subscription/
Redemption:** Investment through a share swap, same number of shares, at nominal € 0.01 per share
Subscriptions may be made at any time, new LP created per underlying fraud fund
- Fees :** Subscription fee of €1,500 per share exchange
A performance fee of 20% of all recovered funds paid prior to distribution

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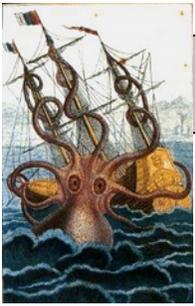
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