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10th August 2012

OUR REF:

YOUR REF:

Dear Mr Marchant

RE: Your enquiries directed at Mr Timothy Schools

I am instructed by Mr Timothy Schools to respond to the questions you have raised. In doing so I reserve my client's rights to take such action as might become appropriate if you publish false allegations against him or misrepresent the facts once a number of misunderstandings inherent in your questions have been corrected by this letter.

Before answering your specific questions it might prove helpful to you if I explain from the careful instructions I have taken that, whilst the Axiom Fund has been established as an investment opportunity, its attractions include the fact that it provides an important service to the English legal marketplace.

As a result of successive UK governments curtailing the availability of legal aid support potential individual litigants of limited means are unable to afford to pursue claims which would previously, because of their merits, have been publically funded. This has led to a need for private litigation funders, not only to support individual deserving claimants but also the law firms essential to the conduct of their claims who since the 2007/8 "credit crunch" have found it increasingly difficult to obtain support for this type of business from UK banks.

This is a gap in access to justice which my client has attempted to partially fill in ways attractive to Axiom Fund investors. The Fund and its investors have been thoroughly protected throughout by the careful scrutiny and management of its panel law firms and of the individual claims which, through those law firms, the Fund supports.

During the experimental stage of this type of funding of litigation in the English courts some of the Claims Management Companies have been badly run (notoriously the Accident Group) with, as a consequence, large sums of money having been lost by insurers and other funders and with some of the solicitors involved having been struck off as a result of Solicitors Regulation Authority investigations and Solicitors Disciplinary Tribunal prosecutions for dishonesty.

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There are no suggestions from any quarter of mis-management of the Axiom Fund or of its involvement in litigation funding in the UK. The Fund has been and continues to be profitable for the benefit of its investors. Nor have there been any investor complaints directed at the fund or complaints about it from panel firms or from the individual claimant who have benefited from its funding.

It is therefore hard to understand what has prompted the interest on your part and the innuendos of some of your questions.

Your focus on my client's disciplinary record as a solicitor appears to overlook the fact that there has been no allegation or finding of dishonesty or lack of integrity befitting of a solicitor against him and that the SRA and the SDT have concluded he remains a fit and proper person to practice as such. The findings of conflict of interest was client orientated and related to his role where cases he was handling on behalf of clients were supported by a fund in which he had an interest. That no longer applies as the Fund's involvement in litigation in the UK is now confined to supporting panel law firms (not their clients direct) in which my client has no involvement in order to enable those law firms to provide access to litigation for their clients.

The Axiom Fund's present method of funding law firms does not markedly differ from the way in which, decreasingly, banks have provided such support. Furthermore the first non-lawyer owned law firm licensed by the SRA as one of the newly allowed Alternative Legal Business Structures is a wholly owned subsidiary of the Co-Operative Bank. It would not have been licensed by the SRA if it was thought that such an arrangement created a conflict for the client facing solicitors involved in the subsidiary.

Against this background it is difficult to understand what appears to be your hostility towards my client and towards the Axiom Fund. Nevertheless I now seek to answer your questions on my clients behalf in the expectation that by doing so in the context of what I have said above will cause you to adopt a fairer approach and cause you to be very careful with what you say in anything you publish.

1. Irrelevant
2. Approximately £99 million
3. Approximately £99 million has been invested in the Cayman Islands Monetary Authority Regulated Axiom Legal Financing Fund, Segregated Portfolio. The Legal Financing and Litigation Fund are not currently operational.
4. The investors are from several countries and jurisdictions all of whom have met the necessary requirements allowing them to invest.
5. The Axiom Legal Financing Fund is independently audited by the international firm of Chartered Accountants BDO and the claims regarding investor returns are soundly based. The Tangerine Litigation Fund has not been launched and is therefore not operational.

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6. The one operational Fund has been successfully audited by BDO for the years 2009/10 and 2010/11.
7. My client's response to this question is covered by what is stated above in the general part of this letter.
8. Neither the SRA nor the SDT have made any findings or questioned my client's fitness to continue to practice as a solicitor. My client's credibility, taking into account the standards required of those permitted to practice as solicitors, remains high.
9. Following the demise of the Accident Group (in which my client had no involvement) its funders, who were also funding the Life Repair Group which in turn was supporting the litigation clients of my client's then firm Schools & Co, withdrew entirely from litigation funding. As a result my client sold Schools & Co without retaining any interest in it. Unbeknown to my client the new owners failed to pay outstanding counsel's fees and this is what prompted the disciplinary proceedings against my client because of his residual responsibility to pay those fees which he did pay, notwithstanding temporary cashflow difficulties, before the SDT hearing.
10. The Advisory Council referred to is expected to approve the investment decisions of the Tangerine Litigation Fund when it becomes operational.
11. It is confirmed that Tangerine Investment Management Limited was, as you say, incorporated on the 19th December 2011. Any statement to the contrary discovered by you was no more than a simple mistake.
12. The Loan Manager has always, since commencement of trading, been Synergy (IOM) Limited which itself is administered by Turnstone (Isle of Man) which is subject to the regulation of the Isle of Man FSC. Tangerine Investment Management Limited was appointed to be the "Investment Manager" in February 2012 after David Kennedy, a director in the former "Investment Manager" i.e. The Synergy Solution Limited, retired because of ill health.
13. All of the companies to which you refer, apart from Roccoco Joes, were inter-related and formed part of the wider "Life Repair Group". The funding of litigation scheme created by the Group was itself funded by means of a warehouse line of credit from UK banks. As mentioned above as a result of the Accident Group debacle the banks took the view that they no longer wished to participate in this market place and withdrew their support at relatively short notice. It was this that resulted in the companies entering into administration. There has never been any suggestion of inappropriate conduct regarding the cessation of these companies.

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Roccoco Joes was a company that traded as a restaurant in the Lake District area of England. The owner was a friend of my client and he agreed to assist financially in return for shares and a directorship but never had any direct involvement. My client resigned his directorship in 2010 and only later discovered that the company had ceased to trade.

14. My client has had no involvement in Trigor and is therefore unable to answer this question.

I trust these answers will correct the wrong impressions you seem to have in a number of important respects.

Yours sincerely



 David McIntosh QC (Hon)
Consultant
Rodney Warren & Co