

**IN THE SUPERIOR COURT
FOR THE DISTRICT OF COLUMBIA**

Civil Division

CENTER FOR ADVANCED DEFENSE STUDIES	:	
	:	
Plaintiff,	:	Case No. 2014 CA 002273 B
	:	Judge Thomas J. Motley
v.	:	Next Court Date: 7/11/14 9:30 AM
	:	Event: Initial Scheduling Conference
	:	
KAALBYE SHIPPING INTERNATIONAL, ET AL.	:	
	:	
Defendants.	:	

FIRST AMENDED COMPLAINT

Plaintiff Center for Advanced Defense Studies (“C4ADS”), by and through counsel, hereby states the following as its First Amended Complaint against DEFENDANTS Kaalbye Shipping International (“KAALBYE”), the Global Strategic Communications Group (“GSCG”), and Peter Hannaford (“HANNAFORD”), for declaratory judgment, defamation, and tortious interference with business relations.

NATURE OF THE CASE

1. This is an action for declaratory judgment and anti-suit injunction, damages, and other relief that this Court may deem appropriate. It arises from KAALBYE’s serious and immediate threats of litigation against C4ADS, and from KAALBYE’s, GSCG’s, and HANNAFORD’s defamatory statements and tortious interference with C4ADS’s business relations.

INTRODUCTION

2. C4ADS, a Washington, D.C. based non-profit organization dedicated to data-driven analysis and evidence-based reporting of global conflict and security issues, published “The Odessa Network: Mapping Facilitators of Russian and Ukrainian Arms Transfers” in September 2013 (“the Report”). See **Exhibit 1**.

3. KAALBYE, a Ukrainian shipping company officially registered in the British Virgin Isles, is connected to, and has played a central role in, multiple politically-sensitive Russian and Ukrainian-sponsored arms transfers that have attracted significant global attention. KAALBYE has deep connections to current and former political figures in Russia and Ukraine.

4. For instance, as detailed herein, a KAALBYE vessel transported cargo from the Russian state-controlled arms exporting agency to the Syrian Ministry of Defense in the midst of the Syrian Civil War. KAALBYE has been linked to the transport of cruise missiles to Iran, a weapons delivery that may have enhanced that country’s ability to deliver a nuclear warhead via missile attack. KAALBYE has been connected to a high-profile transfer of tanks and other military cargo to Southern Sudan in 2008, in the midst of the humanitarian crisis in Sudan. KAALBYE has been connected to the transfer of military cargo to Angola in the midst of a humanitarian catastrophe in that country. KAALBYE is connected to the widely reported transfer of arms from Russia to Venezuela in 2012. KAALBYE has been linked to the widely discussed transfer of cruise missiles from Ukraine to China in 2000-01. KAALBYE’s activities undermine regional and international security, and they threaten U.S. national security and foreign policy.

5. Since the Report’s publication, KAALBYE has made repeated and progressively more serious threats of litigation against C4ADS. On April 4, 2014, KAALBYE informed

C4ADS that it has drafted a complaint against C4ADS and that it is prepared to file a lawsuit against C4ADS. KAALBYE's threats are in response to what it asserts (without merit) are libelous statements contained in the Report.

6. KAALBYE has also orchestrated a defamatory public relations offensive against C4ADS, including through KAALBYE's attorneys at PATTON BOGGS LLP ("PATTON BOGGS") and through KAALBYE's Washington, D.C.-based public relations firm GSCG. This defamatory offensive included, *inter alia*, making statements that the Report was filled with "false claims" and meeting with reporters, attorneys, and editors at the Washington Post in an effort to discredit C4ADS and the Report. Through its intentional and malicious actions, KAALBYE and its agents, including HANNAFORD and GSCG, have defamed C4ADS and tortiously interfered with C4ADS's business relations.

7. The statements in the Report regarding KAALBYE are, as demonstrated herein, not defamatory. The statements are true. This truth is evident in the hundreds (if not thousands) of sources, including, but not limited to: (1) official U.S. government statements, (2) statements from principals of KAALBYE, (3) extensive reporting over a number of years contained in reputable regional, national, and international news sources (such as the New York Times, Time Magazine, and the BBC), (4) statements from industry insiders, (5) leaked internal documents, (6) data obtained from multiple commercial vendors, and (7) numerous other sources, all of which confirm the veracity of the Report.

8. The statements in the Report regarding KAALBYE concern matters of legitimate public interest, including matters subject to U.S. Executive Orders, subject to testimony in Congress, widely reported, and widely discussed amongst the general public, specialists, and policymakers.

9. The statements in the Report regarding KAALBYE concern issues of public controversy, as evidenced by the extensive media, public, and political attention these issues attracted. KAALBYE inserted itself into the public controversy around the activity detailed in the Report through its public commentary, and played a central role in the controversy because of its role in the arms transfers at issue.

10. C4ADS did not make these statements negligently, recklessly, or with malice. C4ADS reasonably and in good faith believes them to be true, and C4ADS has no reason to doubt the overwhelming weight of evidence supporting the statements made in the Report. C4ADS exercised extraordinary diligence to verify the statements in the Report, including, *inter alia*, utilizing multiple commercial vendors to corroborate the information in the Report, traveling overseas to investigate matters addressed in the Report, interviewing multiple industry insiders, and gathering hundreds of sources to corroborate the information in the Report. C4ADS did not publish any statement regarding KAALBYE that it did not believe to be true, and has no reason to doubt the veracity of the statements in the Report.

11. C4ADS possesses significant additional information, including, *inter alia*, documents concerning KAALBYE's past and ongoing activities in the Balkans, South America, Libya, and the Levant. Out of an abundance of caution, C4ADS chose not to publish details regarding those activities in the Report, as C4ADS wished to further corroborate the veracity of those sources – a process that continues to this day.

12. To settle this dispute and controversy, and to obtain finality in response to KAALBYE's threats of immediate litigation, C4ADS seeks a declaration (and accompanying anti-suit injunction) that it did not defame KAALBYE. C4ADS also prays for relief from

KAALBYE, GSCG, and HANNAFORD's tortious conduct also arising in connection with the Report, and seeks punitive damages, costs, fees, and other relief this Court deems appropriate.

PARTIES

C4ADS

13. C4ADS is a Washington, D.C.-based non-profit organization dedicated to data-driven analysis and evidence-based reporting of global conflict and security issues.

14. C4ADS's mission is to "utilize cutting-edge emerging technologies to manage, integrate, and analyze disparate data, from diverse languages, regions, and sources, including [its] own field research in conflict zones and fragile states." To further its mission, C4ADS works with powerful, leading technology providers that specialize in collating disparate open-source data.

15. C4ADS is reputed for its analytical and evidence-based reporting on issues of global import. For instance, Greek authorities cited C4ADS's reporting when they successfully interdicted a vessel carrying ammunition to the Syrian government in the midst of the Syrian Civil War, a humanitarian disaster that has to date resulted in over 150,000 casualties and been the subject of significant international debate.

16. C4ADS's publications are widely disseminated in print and electronic forms, via its website and through other media outlets. Its reports have global reach and have been distributed and redistributed countless times. C4ADS's website and reports have been accessed tens of thousands of times in the past two years alone.

KAALBYE

17. KAALBYE comprises several subsidiary and/or shell companies. According to various government records, including, but not limited to, those in Russia, Ukraine, British

Virgin Islands, Seychelles, and Panama, these subsidiary/shell companies include, *inter alia*: Kaalbye Shipping, Kaalbye Shipping International, Kaalbye Yacht Management Inc., Kaalbye Transport Ltd., Kaalbye Shipping Ukraine KSU, Kaalbye Shipping Cyprus Ltd., Kaalbye Bulk, Kaalbye Heavy Lift, Kaalbye Projects, Kaalbye Logistics International Ltd, Kaalbye Yachting, Kaalbye Oil Services, Kaalbye Group, Kaalbye Group Holding, Kaalbye Ltd., Kaalbye Marine Services, Kaalbye Agency Services, Ukrainian Maritime Agency, Red Brick Ventures, Ocean Might Shipping Ltd., Ocean Breeze Ltd., Ocean Winner Ltd., Ocean Fortune Ltd., World Wide Shipping Ltd., Deutschland Prime Transport, New Challenge Ltd., Olva Shipping Ltd., Unicorn Enterprises, Crystal Waters Shipping Ltd., Silver Streams Ltd., and White Albatross Ltd. C4ADS is informed and believes that these companies all share similar or identical agents and representatives, assets, and are alter-egos of each other, all receive direction from the same persons, are mere instrumentalities of each other, and acting as a single unit named KAALBYE.¹ C4ADS requests that the relief sought herein be binding as to KAALBYE and all shell companies/alter-egos.

18. In 2009, the Southern District of New York held that World Wide Shipping Ltd., Kaalbye Projects, Kaalbye Shipping International Ltd., and Silver Springs Ltd. are alter-egos of one another.

19. C4ADS is informed and believes that KAALBYE's principal place of business is in Odessa, Ukraine.

20. The Report identifies KAALBYE's connections to a number of shipment events, including the shipment of: (1) cruise missiles to Iran, (2) cruise missiles to China, (3) assault rifles and grenades to Angola, (4) tanks, RPGs, and other arms to South Sudan, (5) explosives to

¹ KAALBYE (without merit) takes issue with various details contained in the Report, as described herein. But, despite the fact that the Report sets forth the subsidiary/shell structure, the interconnectedness, and the overlaps amongst these KAALBYE entities, KAALBYE has not disputed those statements.

Algeria, (6) surface-to-air missiles, rocket launchers, and other arms to Venezuela, and (7) unknown weapons and explosives to Vietnam.

21. While KAALBYE (without merit) takes issue with various statements in the Report, as detailed *supra*, KAALBYE tacitly concedes a connection to many of the above shipments and the general thrust of the statements regarding it. For instance, KAALBYE does not dispute its deep connections to the Russian and Ukrainian governments, nor that KAALBYE is one of, if not the, most prolific contractors used to transfer Russian weapons internationally.

22. The above transfers, and KAALBYE's central role in those transfers, have been widely reported by numerous domestic and international media sources. The transfers at issue relate to the stability of numerous regions that the President of the United States has declared to represent unusual and extraordinary threats to the national security and foreign policy of the United States. The transfers relate to foreign policy issues that have received extensive debate domestically and internationally, including in the United States Congress. Many of these countries suffer, or around the time of the transfer did suffer, from grave human rights abuses that destabilized those countries and their neighbors and were at the heart of significant global debate.

23. Igor Urbansky ("Urbansky") founded KAALBYE in or around 1996. Urbansky is a former captain in the Soviet merchant fleet, was a Deputy Minister of Transportation in Ukraine from 2006-09, and served in the Verkhovna Rada, the Ukrainian legislative body. Urbansky has provided a number of public interviews wherein he discussed the business of transporting weapons and the roles his companies play in transporting weapons.

24. Boris Kogan ("Kogan") is a co-founder of KAALBYE. Plaintiff is informed and believes that Kogan currently controls KAALBYE. Kogan is a partner to some of the most

powerful defense industry figures in the Russian Federation. Kogan is on the board of directors at the Russian company RT-Logistika. RT-Logistika's board is primarily composed of Russian defense-industrial figures.

25. Kogan is also affiliated with Izhmash, now called Kalashnikov Concern, a Russian state-owned company that is one of the world's largest producers of small arms. Izhmash lists Kogan as an "affiliated person" on financial disclosure forms.

26. RT-Logistika is directly involved in the transfer of Russian military cargo to, *inter alia*, Syria. For instance, during the ongoing Syrian Civil War, in October 2012, RT-Logistika arranged the transport of military radar from Moscow to Damascus. The Turkish air force intercepted this plane and forced it to land. This incident attracted substantial global press coverage.

27. RT-Logistika is 51% owned by Russian Technologies, an enormous Russian state-run holding firm run by Sergei Chemezov, a close ally of Vladimir Putin. Russian Technologies also owns JSC RosOboronExport ("RosOboronExport"), the Russian state-run agency responsible for the vast majority of Russian arms exports, worth over \$30 billion. RosOboronExport has faced U.S. sanctions and has faced criticism from foreign governments and international organizations for, *inter alia*, providing weapons to the Syrian regime in the midst of the Syrian human rights crisis and humanitarian crisis.

28. C4ADS is informed and believes that Kogan's brother works for RosOboronExport. Further, the Director of Logistics for RosOboronExport is also (or at all relevant times was) on the RT-Logistika board with Kogan.

29. KAALBYE has also contracted with the U.S. government. It worked with U.S. Navy Military Sealift Command to transport a mine countermeasures ship to Japan in 2009 and a

coastal security craft to Cyprus in 2012. KAALBYE has also worked on an on-going basis to transfer NASA rockets for Orbital Sciences Corporation. The Report specifically identifies on page 38 that KAALBYE has a diverse business and that KAALBYE has contracted with U.S. Military Sealift Command.

GSCG

30. GSCG is a public relations firm that identifies its principal place of business at 1050 Thomas Jefferson Street, Suite 300, Washington, D.C. 20007.

31. GSCG has published articles on behalf of KAALBYE that defame C4ADS. KAALBYE's relationship with GSCG further confirms the substance of the Report.

32. GSCG is the registered foreign agent for Dmitry Rogozin ("ROGOZIN"), the Deputy Prime Minister of the Russian Federation and the former head of the Russian political party "Rodina." ROGOZIN is identified as a "foreign principal" of GSCG. **See Exhibit 2.**

33. GSCG personnel have entered into lobbying agreements with Viktor Yanukovich ("YANUKOVYCH"), the recently deposed former President of Ukraine. GSCG's founder, Darren Spinck, witnessed and cosigned this lobbying agreement.

34. A GSCG principal served as a defense witness in Slobodan Milosevic's war crimes trial at The Hague in 2004.

35. The U.S. Government has sanctioned ROGOZIN and YANUKOVYCH in connection with an unusual and extraordinary threat to U.S. national security and foreign policy. The U.S. Government has also authorized sanctions on entities that "operate in the arms or related material sector in the Russian Federation" in connection with an unusual and extraordinary threat to U.S. national security and foreign policy.

HANNAFORD

36. HANNAFORD is a “senior consultant” for GSCG, and, upon information and belief, a resident of California. HANNAFORD reportedly has extensive lobbying experience and has served as a paid lobbyist to, *inter alia*, the Austrian Freedom Party.

JURISDICTION AND VENUE

37. Jurisdiction is appropriate under the Declaratory Judgment Act, 28 U.S.C. §§ 2201, 2202, the District of Columbia Long-Arm Statute, D.C. Code Ann. § 13-423, under this Court’s inherent powers, and under this Court’s general jurisdiction under D.C. Code § 11-921.

38. KAALBYE has reached beyond its borders to contact this forum in connection with the Report. KAALBYE retained PATTON BOGGS LLP in this forum to contact (and threaten) C4ADS, and PATTON BOGGS (acting in this forum) has contacted C4ADS (in this forum) on behalf of KAALBYE.

39. KAALBYE’s attorneys at PATTON BOGGS (located in this forum), by and on behalf of KAALBYE, contacted and met with the Washington Post (in this forum) regarding statements made in the Report, causing tortious injury to C4ADS, a Washington D.C. entity.

40. KAALBYE retained GSCG, a Washington D.C.-based Public Relations firm, to respond to the evidence in the Report. GSCG, acting in Washington D.C., has taken actions on behalf of KAALBYE, causing tortious injury to C4ADS, a Washington D.C. entity.

41. GSCG is based in Washington, D.C., its tortious acts occurred in D.C., and its tortious acts were directed at an entity that operates in Washington, D.C.

42. HANNAFORD works for and on behalf of GSCG, and has published a number of op-ed articles that defamed C4ADS in Washington, D.C.-area publications. Plaintiff is also informed and believes that HANNAFORD maintains a residence in Washington, D.C.

43. Venue is appropriate here because, *inter alia*, subject-matter experts are located here, KAALBYE's and GSCG's tortious actions occurred here, GSCG is a D.C. entity, and KAALBYE's agents are here.

STATEMENT OF FACTS

44. United States Executive Order 13661, dated March 16, 2014, declares that "the actions and policies of the Russian Federation with respect to Ukraine . . . constitute an unusual and extraordinary threat to the national security and foreign policy of the United States." To respond to this unusual and extraordinary threat to U.S. national security and policy, the Executive Order orders blocked all property and interests in property under U.S. jurisdiction, of, *inter alia*:

persons determined by the Secretary of the Treasury, in consultation with the Secretary of State: (A) to be an official of the Government of the Russian Federation; (B) to operate in the arms or related materiel sector in the Russian Federation; (C) to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly: (1) a senior official of the Government of the Russian Federation; or (2) a person whose property and interests in property are blocked pursuant to this order; or (D) to have materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of: (1) a senior official of the Government of the Russian Federation; or (2) a person whose property and interests in property are blocked pursuant to this order.

45. Accompanying this Order, the United States Executive Branch designated ROGOZIN and, to respond to the unusual and extraordinary threat to U.S. national security and

policy, ordered blocked all of ROGOZIN's property or interests in property that is under, or comes within, U.S. jurisdiction. GSCG is ROGOZIN's registered foreign agent.

46. Additionally, in connection with Executive Order 13660, dated March 6, 2014,² the United States Executive Branch designated YANUKOVYCH, and to respond to an unusual and extraordinary threat to U.S. national security and policy, ordered blocked all of YANUKOVYCH's property or interests in property that is under, or comes within, U.S. jurisdiction.

47. GSCG personnel have previously entered a lobbying agreement with YANUKOVYCH, and its personnel have published articles suggesting that YANUKOVYCH deserves the Nobel Peace Prize.

48. As reflected in Executive Order 13661, persons connected to the Russian Federation's arms or related materiel sector, the Russian government's senior officials, and those that provide support to those senior officials, are connected to and undermine the national security and foreign policy of the United States.

49. As demonstrated in the Report and confirmed by a multitude of sources, KAALBYE is connected to the Russian Federation's arms and related materiel sector, a matter of significant global import and interest that impacts U.S. national security and foreign policy.

50. Page 38 of the Report states, and KAALBYE has not disputed, that there are "ties of senior Kaalbye personnel to organs of state power," which C4ADS is informed and believes correlate with "the lucrative weapons transportation contracts [KAALBYE personnel] receive."

51. As further demonstrated in the Report, KAALBYE, including through Kogan, is connected to the Russian government's senior officials, or, at a minimum, provides material

² Executive Order 13660 and Executive Order 13661 are available at http://www.treasury.gov/resource-center/sanctions/Programs/Documents/ukraine_eo.pdf

support to the Russian government's senior officials. The Report demonstrates KAALBYE's Russian government connections through Urbansky and Kogan, and explains how KAALBYE's emergence in the arms transport industry "coincided with the emergence of [Russian president Vladimir] Putin, and reassertion of state control over major weapons systems and other national assets."

52. The arms transfers highlighted in the Report, and KAALBYE's connections therewith, have long been at the heart of extensive public debate, are of significant public interest, and have global ramifications because of their impacts on regional stability, global security, and international geopolitics.

53. For instance, the Report references KAALBYE's well-documented connection to a 2001 transfer of assault rifles, ammunition, grenades, mortar shells, and other weapons to Angola. In 2001, Angola was in the midst of a civil war that claimed over 500,000 civilian lives and involved a significant international response. In 1993, under Executive Order 12685, U.S. President Bill Clinton declared a "national emergency," stating that "the situation in Angola constitutes a threat to international peace and security." Arms transfers to Angola were also subject to a U.N. Security Council Resolution 864 barring certain transfers.

54. The Report references KAALBYE's well-documented connection to a 2008 transfer of tanks, ammunition, rocket launchers, and other weapons to South Sudan, then part of Sudan. Instability in Sudan has been subject of extensive legislative debate and Congressional hearings, U.S. and international sanctions, U.N. security council resolutions, and near-endless press coverage, including, e.g., in the New York Times. On March 9, 2009, a Vice Admiral of the U.S. Naval Forces Command confirmed KAALBYE's involvement in this shipment in his testimony before the House Armed Services Committee.

55. The Report references KAALBYE's well-documented connection to numerous arms transfers from Russia to Venezuela worth over \$4 billion. The flow of arms from Russia to Venezuela, particularly in light of both countries' well-documented material support for the Syrian government during the Syrian Civil War, the United States' foreign relations with Venezuela at the time, and the geopolitical impact of these transfers, is of legitimate public interest and at the root of significant public controversy, and was so well before C4ADS published the Report.

56. KAALBYE transported military equipment from RosOboronExport (the multi-billion dollar Russian state-owned arms-exporting conglomerate) ("RosOboronExport") to the Syrian Army Supply Bureau in 2008. Both RosOboronExport and the Syrian Army Supply Bureau were under U.S. sanctions at the time for posing threats to U.S. national security and foreign policy, and Syria is a designated state-sponsor of terrorism.

57. Plaintiff is informed and believes that KAALBYE transported that cargo through its alter-ego, Silver Streams Ltd., aboard the *MV Ina*.

58. KAALBYE transported hundreds of tons of cargo, contained in over 2500 cases, from RosOboronExport to the Ministry of Defense in Syria in 2012 aboard the *MV Ocean Voyager*, in the midst of the Syrian Civil War. **See Exhibits 3 & 4.** The Syrian Civil War, which has claimed well over 100,000 lives, bears significant impact on regional and international security and represents a significant humanitarian crisis. The President of the United States has declared the Syrian crisis a threat to U.S. national security. Russian arms transfers to Syria have attracted significant global coverage, and have been subject to legislation and agency action from the U.S. government.

THE REPORT

59. Beyond their exacting standards, C4ADS also took every reasonable effort to disclaim its findings to indicate that none of the activity described was necessarily illegal. Further, C4ADS took every effort to specifically disclaim statements based on less-ample evidence, identifying such statements as C4ADS's opinion and fairly-drawn inference.

60. Page three of the Report states that “[t]he mention of any individual, company, ship, or other entity in this report **does not** imply the violation of any law or international agreement, and need not be construed as such” (emphasis in original).

61. Page four of the Report states that “[t]he inclusion of any company in this report is not intended to imply participation in illegal activity, and a judgment as such is far beyond the purview of this research. Indeed, most of the activity described herein is perfectly legal.”

62. Page 11 of the Report states that the Report “examines both licit and illicit weapons transfers. We use the term illicit to describe those transfers that could be perceived as contrary to accepted international norms, **not to imply violation of any international laws or agreements. We make no claims to determine the legal status of any particular transfer**” (emphasis added).

63. The Report does not allege that KAALBYE participated in any illegal activity, and it prominently, repeatedly, and explicitly disclaims such an inference.

64. The Report does not allege that KAALBYE itself trades, deals, purchases, or sells weapons. The Report repeatedly and explicitly clarifies otherwise. For instance, page four of the Report explicitly states: “The Odessa Network is a loose collection of logistics contractors for the governments of Russia and Ukraine, not independent arms dealers.”

65. Page nine of the Report (both graphically and in the text) distinguishes logistic contractors such as KAALBYE from the entities that own, trade, or broker the weapons shipments discussed in the Report. The Report states that government agencies in Moscow and Kiev own the weapons discussed in the Report, while shipping companies in Odessa, Ukraine provide “A-Z Logistics Integration.”

66. Page 12 of the Report clarifies that the Report references arms transfers owned or brokered by the Russian or Ukrainian government. It states “*Government control* refers to whether the Russian or Ukrainian government was the owner and broker of the sale; if not explicitly stated in our sources, we assumed this was the case if the arms transfer could be corroborated with known government sales.”

67. Page 43 of the Report states: “The Odessa Network firms are logistic contractors for the Russian and Ukrainian governments, not independent arms merchants.”

68. The Report provides extensive support for the statements contained inside it, and explicitly identifies areas where the authors do not have conclusive evidence but are instead drawing their own inferences and opinions from the evidence.

KAALBYE’S CONNECTIONS TO THE MV FAINA INCIDENT

69. The *MV Faina* incident, from 2008-09, attracted significant international governmental action and international press coverage. In sum, a group of Somali pirates hijacked a large shipment of arms (including tanks, tank ammunition, rocket launchers, and other weapons). The shipment was reportedly from Ukraine, ordered by Kenya, and bound for South Sudan (then a part of Sudan), at a time when international embargoes on Sudan were in effect due to the grave humanitarian situation. See e.g. **Exhibit 5; Exhibit 6.**

70. Despite public statements made by principals of KAALBYE, statements from the U.S. Navy, statements made by U.S. officials in congressional testimony, and in extensive international media reporting (including, for instance, the New York Times), all of which confirm KAALBYE's connections to the *MV Faina* incident, KAALBYE asserts that C4ADS has defamed KAALBYE by connecting it to the *MV Faina* incident.

71. The Report states on page 14 that the cargo on the *MV Faina* included “33 T-72 tanks, 8,926 rounds of VOF-36 high explosive fragmentation 125 mm tank ammunition, 5000 rounds of VDK-10 HEAT 125 mm tank ammunition, 73 packages of spare parts for tanks, 6 ZPU-4 AA guns, 36 packages of RPG-7V launchers and spare parts, 6 BM-21 122 mm multiple launch rocket launchers on Ural wheelbase.” KAALBYE does not dispute the veracity of this statement.

72. The Report states on page 14 that the exporting country in the *MV Faina* incident was Ukraine, that the destination was South Sudan, that the shipment was made under government control, that the ship left port in September 2008, that pirates captured the ship on 25 September 2008, and that the ship arrived in Mombasa, Kenya, on February 2009. KAALBYE does not dispute the veracity of these statements.

73. The Report states on page 14 that **Waterlux AG** owned the *MV Faina*. KAALBYE does not dispute the veracity of this statement.

74. The Report states on page 14 that **Almar** was the *MV Faina*'s ship manager. KAALBYE does not dispute the veracity of this statement.

75. The Report states on page 14 that the *MV Faina*

is widely reported to actually be owned and operated by Kaalbye Shipping and Tomex Team (closely linked to Ukrainian businessman Vadim Alperin). The crewing agency is Carvel Shipping Ltd. Phoenix Trans-Servis and Ace Shipping Ltd. and

Marine Energy Trading Company Ltd. (representing Milltown Corporate Services and Ireland & Overseas Acquisition Company) involved in chartering and brokering. Political connection was Hares Youssef, who acted as the agent of President Yushchenko and contacted Alperin.

KAALBYE does not dispute the veracity of these statements.

76. The Report states on page 60 that “[hijacking] is particularly troubling when the cargo is sensitive military equipment, as happened with the 2008 *MV Faina* incident in which Somali pirates hijacked a Kaalbye ship carrying Ukrainian weapons to South Sudan.” KAALBYE takes issue with this statement, claiming that “Kaalbye does not own or have any relationship with the *MV Faina* or its alleged owner.” **See Exhibit 7, p. 3.**

77. KAALBYE contends that it does not have a relationship with Waterlux AG, Phoenix Trans-Servis, or associated companies. **See Exhibit 7, p. 3.**

78. KAALBYE contends that it has not cooperated with Tomex Team, Waterlux AG, or other companies. **See Exhibit 7, p. 2.**

79. The statements in the Report regarding the *MV Faina* and KAALBYE’s connection therewith are true. The statements in the Report regarding the *MV Faina* have significant factual support. They were the subject of extensive international reporting due to their sensitive nature and their bearing on items of legitimate public interest. KAALBYE, through statements from its founder and principal Urbansky and through an admitted role as commercial agent of the ship, played a central role in the surrounding public controversy over the shipment, and the statements in the Report are germane to KAALBYE’s role in this controversy.

80. At the time of the *MV Faina* incident, KAALBYE had a relationship with the *MV Faina* or its alleged owner. KAALBYE has worked with the Tomex/Waterlux group of companies.

81. In December 2008, Igor Urbansky, the KAALBYE founder, then the principal of KAALBYE and the Deputy Transport Minister of Ukraine, confirmed that KAALBYE had a relationship with the *MV Faina*. Urbansky told reporters: “As far as I know, **Kaalbye Shipping was the commercial agent of Faina** and this is no way proof that Kaalbye Shipping is the owner of the vessel.” **See Exhibit 8** (emphasis added).

82. On September 29, 2008, the Associated Press reported that the U.S. Navy’s Bahrain-based 5th Fleet “said the Faina is owned and operated by Kaalbye Shipping Ukraine,” and that a Russian-based registry indicates that the ship is owned by Tomex Team and Waterlux AG. **See Exhibit 9.**

83. On September 29, 2008, CNN reported that “Faina is owned and operated by Kaalbye Shipping Ukraine, and its crew includes citizens of Ukraine, Russia and Latvia, the U.S. Navy said.” **See Exhibit 10.**

84. On September 30, 2008, the New York Times reported on the incident, publishing an interview with a spokesman for the Somali pirates that hijacked the *MV Faina*. The New York Times article featured a picture of the vessel, with the caption: “Somali pirates in small boats hijacked the Faina, a Belize-flagged cargo ship owned and operated by Kaalbye Shipping Ukraine, on Sept. 25.” **See Exhibit 11.**

85. On October 3, 2008, Time Magazine reported on the incident, providing another picture of the vessel with the caption: “Somali pirates in small boats hijacking on Sept. 25 the *MV Faina*, a Belize-flagged cargo ship owned and operated by ‘Kaalbye Shipping Ukraine’.” **See Exhibit 12.**

86. On February 6, 2009, U.S. Naval Forces Central Command, which provided humanitarian assistance to the *MV Faina*, stated that “the Belize-flagged cargo ship is owned and

operated by Kaalbye Shipping Ukraine and is carrying a cargo of Ukrainian T-72 tanks and related equipment.” See **Exhibit 13**.

87. On March 5, 2009, Vice Admiral William E. Gortney, U.S. Navy Commander, U.S. Naval Forces Central Command testified before the House Armed Services Committee on Counter-Piracy Operations in the U.S. Central Command Area of Operations. In his testimony, Vice Admiral Gortney stated: “The Motor Vessel FAINA was attacked off the coast of Somalia on September 25th. The roll-on/roll-off (Ro-Ro) ship is Belize flagged and operated by “Kaalbye Shipping Ukraine.” See **Exhibit 14, p. 13**.

88. A former KAALBYE senior official has informed C4ADS that KAALBYE has a close relationship with Ukrainian businessman Vadim Alperin specifically for the purpose of shipping arms. Vadim Alperin owns or operates, *inter alia*, Waterlux AG, Tomex Team, Almar, and associated companies, which are registered at Alperin’s place of business in Odessa, Ukraine. This former KAALBYE senior official confirmed numerous statements made in the report, including that Alperin hardly “knows anyone in the arms trade,” and that “KAALBYE and Phoenix are just about all the companies in this trade he knows.”

89. Page 39 of the Report sets forth, and KAALBYE does not dispute, that Evgenii Poltavets is, or has been, listed as an employee of both KAALBYE and Phoenix Trans-Servis.

90. A simple Google Search for “KAALBYE and FAINA” returns thousands of media articles demonstrating KAALBYE’s connection to the *MV Faina* incident, and did so before C4ADS published the Report.

91. C4ADS’s statements regarding KAALBYE’s connections to the *MV Faina* incident (and, both directly and by extension, to the entities connected to the shipment) are not defamatory. Thousands of sources confirm these statements. These sources include the principal

of KAALBYE himself, repeated statements from the U.S. Navy, including statements made before Congress months after the vessel was hijacked, and statements in thousands of media reports, including, *inter alia*, reports from Time Magazine, the Associated Press, CNN, and the New York Times. They have been confirmed through correspondence with senior KAALBYE officials. KAALBYE's prospective claim is frivolous. Given the weight of evidence, these statements were made in good faith and with a reasonable belief.

KAALBYE'S CONNECTIONS TO THE MV ANASTASIA INCIDENT

92. The *MV Anastasia* incident, in 2001, similarly attracted significant governmental attention and international press coverage. In sum, the Russian state-run weapons export agency, then known as Rosvooruzhenie, sent cargo including over 600 tons of assault rifles, ammunition, grenades, mortar shells, and night vision goggles, to Angola in the midst of a grave humanitarian crisis that claimed over 500,000 civilian lives. Angola was then under international sanctions. The shipment left from Oktyabrsk, a Black Sea port in Ukraine specifically constructed for the transport of military cargo (for example, Oktyabrsk was the origin point for the missiles in the 1963 Cuban Missile Crisis). The Captain claimed to be transporting auto parts. According to Spanish news sources, the Spanish secret service agency CESID believed that the cargo was weapons destined for a rebel group in Angola, and alerted a local agent. Port authorities in Las Palmas, Spain, detained the vessel, searched it, discovered 20,000 boxes of weapons, and imposed a ~\$800,000 bail. **See e.g. Exhibit 15; Exhibit 16; Exhibit 17.**

93. The Report accurately describes the contents of multiple sources that covered the above incident.

94. The Report identifies that the Ship Owner/Manager at the time was KAALBYE. KAALBYE has not disputed its connections to this vessel.

95. The Report identifies that Igor Urbansky, the founder of KAALBYE, was directly involved. KAALBYE has not disputed that Urbansky was involved in this incident.

96. The Report identifies that the cargo was bound from Ukraine to Angola as part of a sale from the Russian government to an entity in Angola. KAALBYE has not disputed these facts.

97. The Report identifies that the vessel flew a Georgia flag. KAALBYE does not dispute this fact.

98. The Report identifies that the vessel was registered in Saint Vincent and the Grenadines. KAALBYE has not disputed this fact.

99. The Report identifies that Spanish authorities discovered weapons aboard the ship and impounded the ship. KAALBYE has not disputed this fact.

100. The Report identifies that Spanish authorities imposed an \$800,000 bail, which was paid, before the ship went on to deliver its cargo. KAALBYE has not disputed this fact.

101. KAALBYE asserts that the Report “attempts to transform ordinary, legal occurrences into an allegedly improper or illegal event that has damaged Kaalbye’s reputation.”

See Exhibit 7, p. 1.

102. C4ADS is not certain what KAALBYE deems to be an “ordinary” occurrence, but the Report does not state that this occurrence was “improper or illegal.” Further, the Report explicitly and repeatedly disclaims any such inference. The Report merely sets forth all the well-reported (and indeed, undisputed) facts regarding this shipment, including its cargo, the fine on

the vessel, the source and destination, and the commercial entity (KAALBYE) involved in the shipment.

103. KAALBYE asserts that the *MV Anastasia* “was not improperly flying the flag of the Republic of Georgia.” See **Exhibit 7, p. 1**.

104. C4ADS does not state that the vessel was “improperly flying the flag of the Republic of Georgia.” C4ADS simply states that the vessel flew the Georgia flag and was registered in St. Vincent and the Grenadines, both of which statements are true, and neither of which KAALBYE disputes.

105. At the time the vessel was detained, the Georgian Ministry of Foreign Affairs issued a statement saying that the vessel was illegally flying the Georgia flag.

106. The statements in the Report that KAALBYE contends are defamatory (that the transfer was “illegal” and that “the vessel was improperly flying the flag of the Republic of Georgia”) are found nowhere in the Report, and are in fact explicitly disclaimed.

107. The statements in the Report regarding KAALBYE and the *MV Anastasia* are true. These statements have extensive support in widely available and widely distributed press. The transaction at issue involved matters of legitimate public interest, and KAALBYE concedes its direct connection with this arms transfer on behalf of the Russian government, through Ukraine, to Angola at a time of great humanitarian crisis. Given the weight of evidence, these statements were made in good faith with a reasonable belief of their truth.

KAALBYE’S REPORTED ROLE IN CRUISE MISSILES TRANSFERS TO IRAN & CHINA

108. The Ukrainian cruise missile incident attracted significant international attention. In 2000 – 2001, Ukrainian and Russian officials brokered a covert deal to send Ukrainian X-55

missiles to Iran and China. These weapons may have significantly enhanced Iran's capacity to deliver a nuclear warhead. The exporters used a fabricated contract with Russian defense export firm Rosvooruzhenie, along with a series of front companies, to export missiles inherited from the USSR and held in Ukraine. **See e.g. Exhibit 18; Exhibit 19; Exhibit 20; Exhibit 21.**

109. As set forth in the Report and demonstrated herein, numerous credible sources connect KAALBYE to this cruise missile incident.

110. To identify and refer to this incident, the Report on page 12 and 13 identifies two separate events, labeled "Event #1" and "Event #2." Event #1 refers to transfers of cruise missiles from Ukraine to Iran. Event #2 refers to transfers of cruise missiles from Ukraine to China.

111. KAALBYE does not dispute its connection with "Event #2," the transfer of Ukrainian cruise missiles to China in 2000 or 2001.

112. KAALBYE disputes any connection with "Event #1", the transfer of Ukrainian cruise missiles to Iran in 2000 or 2001. KAALBYE contends that it "was not in any way, shape or form involved in the transaction or the shipment described in the publication's Event #1." **See Exhibit 7, p. 1-2.**

113. A number of publicly available media reports demonstrate KAALBYE's involvement in these cruise missile transfers. For instance:

- a. In 2006, Regnum, a Russian news service, wrote about the arms transfers, stating that "on June 30 [2006], Russian Defense Minister Sergey Ivanov stated that Ukrainian Progress Firm, an Ukrspetsexport subsidiary, delivered 6 X55 cruise missiles to China and Iran each in 2000 and 2001." Regnum also states: "Reportedly, the

- missiles were brought to Iran by a vessel chartered by the Ukrainian Kaalbye Shipping Company.” **See Exhibit 22.**
- b. A 2008 news article, reporting on Urbansky (KAALBYE’s founder) and other Ukrainian political officials, states that Urbansky and KAALBYE were connected to the cruise-missile transport of Ukrainian X-55 cruise missiles in 2000-01. **See Exhibit 23³.**
- c. A 2008 news article, reporting on Urbansky and KAALBYE’s affiliations with numerous different companies, states that KAALBYE was responsible for transporting these cruise missiles to Iran, and states that KAALBYE’s role in these transfers became known in 2006. **See Exhibit 24.**
- d. A 2008 news article also stated that KAALBYE transported the cruise missiles. **See Exhibit 25.**
- e. A 2006 news article states that the Russian Federal Security Service was investigating the delivery of cruise missiles to Iran, and states that KAALBYE / Urbansky carried out the shipment. **See Exhibit 26.**
- f. A 2006 news article states that the Ukrainian cruise missiles were delivered to Iran by sea aboard a KAALBYE-operated ship. **See Exhibit 27.**
- g. A 2006 news article reports on the Russian legislature’s interest in KAALBYE, stating that KAALBYE carried out the shipment of cruise missiles to Iran. **See Exhibit 28.**
- h. A 2008 news article, discussing the *MV Faina* incident, Urbansky’s control over KAALBYE shell-companies/alter-egos, and KAALBYE’s connections to the *Faina* incident, states that KAALBYE delivered cruise missiles to Iran. **See Exhibit 29.**

³ All foreign language exhibits are accompanied by certified translations.

114. The cruise missile incident is a matter of legitimate public interest, as evidenced by coordinated international sanctions designed to curtail Iranian nuclear capabilities, and attracted significant international attention, evidenced by coverage in multiple media outlets across many countries and official statements from government officials in multiple countries.

115. The statements in the Report regarding KAALBYE's connection with the cruise missile incident are not defamatory. The statements in the Report are true, and their veracity is confirmed in numerous publicly available media sources. At the time it published the Report, C4ADS did not have (nor does it now have) any reason to doubt the many sources confirming KAALBYE's prominent role in the incident, and such statements were made in good faith with a reasonable belief of their truth.

OTHER STATEMENTS IN THE REPORT REGARDING KAALBYE

The Report does not state that KAALBYE purchased or sold arms.

116. Page 67 of the Report sets out that KAALBYE “is the single most active shipper of Russian and Ukrainian weapons; it also actively transports unknown cargo between Oktyabrsk [Ukraine], St. Petersburg [Russia], and Tartus [Syria].”

117. Page 67 of the Report continues: “The Kaalbye-owned *Ocean Voyager* entered St. Petersburg [Russia] on 13 January 2012, where it remained for two days. It then left, and arrived in Tartus [Syria] on 3 February 2012. After completing this shipment, it transited to Oktyabrsk [Ukraine], loaded cargo, and delivered Russian weapons to Venezuela as part of a multi-ship convoy completing a \$4 billion arms transfer that included S-300 missiles.”

118. KAALBYE does not dispute that it plays a prominent role in transporting Russian and Ukrainian weapons.

119. KAALBYE does not dispute that it has actively transported unknown cargo between Ukraine, Russia, and Syria since the start of the Syrian civil war.

120. KAALBYE does not dispute that KAALBYE owned the *Ocean Voyager*, which transported cargo from St. Petersburg to Tartus in early 2012. This transfer was from RosOboronExport, the Russian arms export agency, with a notify address of “Ministry of Defense: Damascus.” See **Exhibits 3 & 4.**

121. KAALBYE does not dispute that the KAALBYE ship *Ocean Voyager* loaded cargo and delivered Russian weapons to Venezuela as part of a \$4 billion arms transfer in 2012.

122. KAALBYE *does* take issue with C4ADS’s use of the term “shipper.” KAALBYE asserts that it “serves as a cargo carrier or transporter. Thus, the allegation that Kaalbye is actually involved in the purchase or sale of arms is false.” See **Exhibit 7, p. 3.**

123. KAALBYE’s assertion that the Report states that KAALBYE “is actually involved in the purchase or sale of arms” is false. The Report says the opposite. As set forth above, C4ADS repeatedly sets out that the Odessa companies (including KAALBYE) are not involved in the purchase or sale of arms, but instead that these transfers are made under government control and KAALBYE has acted as a logistics contractor.

There are armed guards at KAALBYE’s place of business.

124. Page 38 of the Report states: “Kaalbye’s offices take up most of a 10-story building called the Maritime Business Center in the heart of Odessa. Though one can enter the ground floor reception area at will, guards armed with AK-47s are posted at the foot of the stairs.”

125. KAALBYE does not dispute that its offices take up most of the 10-story building called the Maritime Business Center in Odessa, Ukraine.

126. Page 38 of the Report provides a picture of guards armed with AK-47s in the Maritime Business Center in Odessa, Ukraine, at the foot of the stairs.

127. Despite photographic evidence of armed guards at its place of business, KAALBYE asserts that “Kaalbye does not have armed guards at its place of business”. See **Exhibit 7, p. 2.**

128. As shown in the photographic evidence, the statement in the Report that “guards armed with AK-47s are posted at the foot of the stairs” at KAALBYE’s place of business are true. Further, that there are armed guards at a place of business is not capable of defamatory meaning. Further, these statements were made in good faith with a reasonable belief of their truth.

Kaalbye and Spliethoff simultaneously transferred arms to Venezuela.

129. Page 57 of the Report sets out the details of a \$4 billion arms deal between Venezuela and the Russian Federation. The Report further sets out that in 2012, “four separate Kaalbye ships – *Socol 3*, *Socol 6*, *Ocean Voyager*, and *Ocean Fortune* – delivered Russian weapons to Venezuela.”

130. Page 57 of the Report continues: “the Spliethoff ship *Sluisgracht* and Eckhoff-managed ship *Stade* accompanied Kaalbye in transporting weapons to Venezuela.” The Report further states: “We lack information on the nature of Spliethoff and Eckhoff’s connections to the Russian government or Odessa Network.”

131. Page 57 of the Report continues: “We also believe *Sluisgracht* has some contacts with Kaalbye; the level of coordination required to move such large quantities of weapons in concert would seem to demand it.”

132. KAALBYE does not dispute that it sent four separate shipments of Russian weapons to Venezuela in 2012 as part of a \$4 billion arms deal.

133. KAALBYE contends that the Report “falsely alleges or implies that Spliethoff, a Netherlands company, has some kind of cooperative business relationship with Kaalbye Shipping.”

134. However, the Report specifically states that C4ADS does not have information regarding a connection between Spliethoff and KAALBYE. The Report specifically identifies these statements as C4ADS’s belief and opinion. The statements in the Report concerned matters of legitimate public interest, are C4ADS’s fair opinion, made in good faith, and with a reasonable belief of their truth.

135. The transfer of \$4 billion of arms from Russia to Venezuela is a matter of legitimate public interest. Further, the statements in the Report concerning these transfers, and KAALBYE’s role therein, have been the focus of public controversy.

136. Further, the statements in the Report are true – KAALBYE did transport these weapons to Venezuela, at the same time Spliethoff transported weapons to Venezuela.

137. The statements in the Report regarding KAALBYE and Spliethoff are not capable of defamatory meaning. KAALBYE concedes its role in transporting \$4 billion in arms from Russia to Venezuela – merely inferring that it cooperated with another entity for this purpose does not defame KAALBYE.

Multiple AIS providers confirm a discrepancy in AIS Coverage over Kaalbye ships.

138. KAALBYE claims that pages 67-68 the Report “directly accuses KAALBYE of circumventing safety features on its vessels and concealing movements for purportedly illegal business.” See **Exhibit 7, p. 3.**

139. The Report does not “directly accuse KAALBYE of circumventing safety features on its vessels and concealing movements for purportedly illegal business.”

140. Page 67-68 of the Report does not reference, nor purport to reference, any “illegal business.”

141. As set forth above, the Report repeatedly and explicitly disclaims that the Report does not imply illegal activity.

142. In fact, page 68 of the Report (inside the very section of which KAALBYE complains) explicitly states that the activity detailed therein “is not inherently criminal.”

143. Page 67-68 of the Report does not accuse KAALBYE of “circumventing safety features on its vessels.”

144. Instead, the Report states that KAALBYE’s 2013 port calls at Oktyabrsk, Ukraine are followed by long periods with “ships missing from AIS coverage.”

145. Page 68 of the Report identifies the “AIS coverage” referenced in the Report. The Report states: “Many of the major commercial AIS vendors lacked information on Syria; [C4ADS] leveraged AIS ‘Destination’ data from smaller [European Union] and [Former Soviet Union] AIS providers, who maintain land-based receivers in the Eastern Mediterranean.”

146. The Report states that this “AIS coverage is imperfect; ships are often undetectable when on the high seas, far away from land-based AIS receivers, and many under-developed ports lack adequate AIS infrastructure.”

147. The Report explicitly provides an alternate to KAALBYE's assertion that C4ADS accuses it "of circumventing safety features." Page 68 of the Report posits that KAALBYE's absence from the AIS coverage considered in the Report can be explained by KAALBYE ships "docking at areas with poor AIS coverage."

148. The statements in the Report are true. KAALBYE ships were not within the AIS coverage of the multiple major commercial AIS data providers or the smaller AIS data providers' land-based receivers that C4ADS references, or were missing from the data C4ADS gathered from these sources, or bore some sort of AIS discrepancy.

149. C4ADS is not now aware, nor has it ever been aware, of any credible AIS data source that controverts the AIS data on which it relied.

150. The statements in the Report concern matters of legitimate public interest, as they relate to potential arms transfers to Syria and elsewhere in the Eastern Mediterranean.

151. The statements in the Report concern issues at the heart of a significant public controversy, evidenced by extensive reporting on arms transfers to Syria during the ongoing crisis in that country. As evidenced by KAALBYE's decision to transport items from the Russian arms export agency RosOboronExport to the Syrian Ministry of Defense during the Syrian Civil War, KAALBYE intentionally placed itself in this controversy. C4ADS's statements regarding such shipments are germane to the controversy.

152. C4ADS made the statements in the report in good faith, with a reasonable belief in their truth. At the time it published the Report, C4ADS had no reason to doubt the veracity of the statements in the Report, and took extensive steps to corroborate these statements, including consulting major commercial vendors that collect AIS data.

153. The statements in the Report regarding AIS data are C4ADS's reasonable and fair opinion drawn from the data identified in the report.

COUNT I – DECLARATORY JUDGMENT
(as to KAALBYE)

154. Plaintiff reincorporates by reference all preceding and subsequent paragraphs, as if fully set forth herein.

155. On October 31, 2013, KAALBYE's counsel at PATTON BOGGS contacted C4ADS, seeking to have C4ADS "repudiate" what KAALBYE contended are "libelous statements" contained in the Report.

156. On November 5, 2013, KAALBYE's counsel at PATTON BOGGS advised C4ADS that KAALBYE's counsel is authorized to draft and file a complaint against C4ADS "in the next couple of weeks."

157. KAALBYE's counsel at PATTON BOGGS repeatedly informed C4ADS that KAALBYE's counsel either is drafting or has drafted a complaint against C4ADS.

158. As recently as April 4, 2014, KAALBYE's counsel informed C4ADS that KAALBYE's counsel is prepared to file and serve a complaint against C4ADS.

159. The Declaratory Judgment Act, 28 U.S.C. § 2201, as well as this Court's general equity powers, permit this Court in case of an actual controversy within its jurisdiction to declare the rights and other legal relations of any interested party in seeking such declaration, whether or not further relief is or could be sought.

160. An actual and substantial controversy exists between C4ADS and KAALBYE as to whether C4ADS's statements in the Report concerning KAALBYE are defamatory. C4ADS

and KAALBYE have adverse legal interests that are of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

161. C4ADS requests that this Court issue a declaration that the statements in the Report concerning KAALBYE did not defame KAALBYE.

162. Such declaration will assist in determining C4ADS's legal rights and obligations and in terminating the controversy.

163. As set forth above, the statements in the Report concerning KAALBYE are not defamatory. For instance, many of the statements KAALBYE contends are defamatory are not published in the Report and are in fact specifically and repeatedly disclaimed in the Report. The Report does not create a defamatory inference – it merely conveys materially true facts. The statements of which KAALBYE complains are not capable of bearing a defamatory meaning. Further, the statements in the Report are true and were made with a reasonable belief in their truth, as there is ample evidentiary support for those statements.

164. KAALBYE does not dispute the “gist” of the statements in the Report concerning KAALBYE, tacitly conceding that the statements in the Report concerning KAALBYE are at least substantially true and not actionable.

165. Further, the statements in the Report are constitutionally protected. KAALBYE is a public figure featured repeatedly in press articles internationally and with extensive connections to prominent political figures in Russia and Ukraine, and/or is an instrumentality for public officials in the Russian Federation and/or Ukraine. KAALBYE is also a limited purpose public figure, choosing to involve itself in, playing a central role in, and affecting the outcome of matters of public controversy. C4ADS's reporting was germane to KAALBYE's involvement in

these public controversies. Additionally, the statements in the Report bear on matters of legitimate public interest.

166. C4ADS did not make statements regarding KAALBYE with negligence, nor did C4ADS make such statements with recklessness or malice. C4ADS exercised reasonable (indeed, extraordinary) care.

167. The statements in the Report concerning KAALBYE did not injure KAALBYE's reputation or expose KAALBYE to public hatred, contempt, ridicule, or degradation.

168. KAALBYE had a reputation for transporting arms, including transporting arms to areas at risk of grave humanitarian crises, prior to the publication of the Report, such that its reputation could not have been further damaged.

169. C4ADS further requests that this Court issue an anti-suit injunction against KAALBYE to prevent KAALBYE from further threatening C4ADS on the basis of C4ADS's exercise of its constitutionally protected rights, to prevent C4ADS from facing a multiplicity of suits, and to protect C4ADS from harassing litigation strategically calculated to limit C4ADS's public participation.

170. C4ADS requests further necessary or proper relief as this Court may deem appropriate.

COUNT II – DEFAMATION
(as to ALL DEFENDANTS)

171. Plaintiff reincorporates by reference all preceding and subsequent paragraphs, as if fully set forth herein.

172. In or around December, 2013, KAALBYE, by and through its agents at PATTON BOGGS, contacted the Washington Post's reporters and attorneys and, in meetings and/or

correspondence with the Washington Post, impugned C4ADS's reputation and reporting and/or discredited C4ADS.

173. On or about February 11, 2014, GSCG, independently and as agent for KAALBYE, published a "news release" claiming that C4ADS made "false claims" in its Report.

174. On or about February 17, 2014, HANNAFORD, independently and on behalf of GSCG and KAALBYE, publicly impugned C4ADS and the Report. In an American Spectator column, HANNAFORD, acting independently and as agent for KAALBYE and GSCG, claimed that Plaintiff "put two and two together . . . but didn't come up with 'four'."

175. On or about March 27, 2014, GSCG published yet another article defaming Plaintiff. The article states that C4ADS made "false claims" in the Report. The article states that C4ADS "inaccurately reported that Kaalbye's transponder system was non-functional during a 2012 voyage to Venezuela and inaccurately wrote that Ukrainian Vadim Alperin is a Kaalbye business partner." The article repeated the false and defamatory characterization of the Report as "inaccurate." In that article, Kogan (a principal at KAALBYE) asserted that C4ADS's reporting is "inaccurate and unsubstantiated."

176. On or about April 7, 2014, HANNAFORD, independently and on behalf of GSCG and KAALBYE, publicly impugned C4ADS and the Report. In a Washington Times column, HANNAFORD claims, *inter alia*, that "C4ADS gathers information from sundry sources, but seems to have no resources to separate fact from fiction." HANNAFORD continues to state that "the C4ADS people forgot to apply Ronald Reagan's dictum 'Trust, but verify.'" HANNAFORD also states that C4ADS had not "bothered to look into Kaalbye's track record" because it supposedly did not know about KAALBYE's relationship with the U.S. Navy Military Sealift Command.

177. On or about May 1, 2013, after the filing of the lawsuit *sub judice*, KAALBYE placed an advertisement in the Washington Post claiming that statements in the Report were “unsubstantiated,” and that C4ADS made its statements “wrongly.” KAALBYE continues to state that C4ADS’s reporting and analysis is “inaccurate.”

178. These statements are false and defamatory. The statements regarding KAALBYE in the Report are not “false” and C4ADS did not make any “false claims.” C4ADS’s analysis is not “inaccurate,” and C4ADS’s reporting is not “unsubstantiated.” C4ADS did “verify” the statements in the Report, exercised extraordinary caution “to separate fact from fiction,” and has extensively investigated into KAALBYE’s “track record.” For instance, page 38 of the Report specifically states: “Kaalbye also is a contractor for US military sealift command.”

179. These statements were widely published without privilege to third parties.

180. DEFENDANTS knew, or reasonably should have known, that these statements were false when made.

181. DEFENDANTS made its defamatory statements with actual malice and wrongful and willful intent to injure Plaintiff. These statements were made with reckless disregard for their veracity, or with knowledge of their falsity, and with wanton and reckless disregard of Plaintiff’s reputation and rights.

182. These statements have damaged Plaintiff in the form of injury to Plaintiff’s reputation nationally and internationally, and have also specially harmed Plaintiff, in an amount to be proven at trial.

183. DEFENDANTS acted intentionally, maliciously, willfully, and with the intent to injure Plaintiff and benefit KAALBYE. DEFENDANTS are liable for punitive damages and any additional relief this court may deem appropriate.

184. DEFENDANTS acted collectively, cooperating amongst themselves to publish their false and defamatory statements. They are joint tortfeasors, and are thus jointly and severally liable to Plaintiff for damages.

COUNT III – TORTIOUS INTERFERENCE
(as to ALL DEFENDANTS)

185. Plaintiff reincorporates by reference all preceding and subsequent paragraphs, as if fully set forth herein.

186. Plaintiff had an advantageous and/or prospectively advantageous business relationship with a number of entities, including, *inter alia*, the Washington Post.

187. DEFENDANTS had knowledge of Plaintiff's advantageous or prospectively advantageous business relationship with the Washington Post and other entities.

188. DEFENDANTS intentionally and improperly interfered with Plaintiff's advantageous and prospectively advantageous business relationships through their defamatory actions.

189. DEFENDANTS' conduct was not privileged.

190. DEFENDANTS' conduct has harmed Plaintiff's existing business relationships and prospective business relationships in an amount to be proven at trial.

191. DEFENDANTS' conduct was wanton, and DEFENDANTS are liable for punitive damages and for other additional relief this Court may deem appropriate.

COUNT IV – PUNITIVE DAMAGES
(as to ALL DEFENDANTS)

192. DEFENDANTS' conduct is wanton and reckless, and evidence of a disregard for Plaintiff's rights.

193. DEFENDANTS' continued litigation threats are frivolous, as the statements in the Report are true, are known by DEFENDANTS to be true, and are privileged.

194. DEFENDANTS' continued litigation threats and tortious acts are part of an ongoing effort to chill legitimate dialogue on important public issues.

195. DEFENDANTS' malicious conduct warrants exemplary and punitive damages to deter such future conduct by DEFENDANTS.

PRAYER FOR RELIEF

WHEREFORE C4ADS prays for the following relief:

- A Declaration of its Rights under the Declaratory Judgment Act and this Court's inherent powers, stating that C4ADS did not defame KAALBYE (or its alter-egos), along with an anti-suit injunction to prevent KAALBYE from further harassing or threatening to harass C4ADS for C4ADS's exercise of its constitutionally protected rights;
- Actual and compensatory damages in an amount to be proven at trial;
- Punitive damages in an amount sufficient to deter further wanton and reckless behavior from DEFENDANTS and their agents;
- Costs, expenses, and attorney fees incurred by C4ADS in this case;
- Such other and further relief as this Court deems just and proper.

DEMAND FOR JURY TRIAL

C4ADS requests a trial by jury on any and all issues so triable.

WARD & WARD, PLLC

BY: */s/ Daniel S. Ward*

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CENTER FOR ADVANCED
DEFENSE STUDIES

CERTIFICATE OF SERVICE

This certifies that I have, this 12th day of May 2014, served a copy of the foregoing filing electronically with the Courts electronic filing system, CaseFileXpress, upon the following counsel of record:

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