

IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division

CENTER FOR ADVANCED)
DEFENSE STUDIES,)
)
Plaintiff/Counter-Defendant,)
)
v.)
)
KAALBYE SHIPPING INTERNATIONAL,)
)
Defendant/Counter-Plaintiff,)
)
and)
)
GLOBAL STRATEGIC COMMUNICATIONS)
GROUP)
)
and)
)
PETER HANNAFORD,)
)
Defendants.)
_____)

Case No. 14-002273

ANSWER AND COUNTERCLAIM

Defendant/Counter-Plaintiff Kaalbye Shipping International Ltd. (“Kaalbye”), by and through its undersigned counsel, hereby answers Count I of the Amended Complaint filed against it by Plaintiff Center for Advance Defense Studies (“C4ADS”), and asserts its affirmative defenses and counterclaim.¹

In response to the individual paragraphs in the Amended Complaint, Kaalbye states as follows:

¹ Kaalbye has moved to dismiss Counts II, III, and IV of the Amended Complaint. To the extent Kaalbye’s motion to dismiss is denied, Kaalbye respond to the individually numbered paragraphs in those counts as well.

Nature of the Case

1. Kaalbye admits that Plaintiff filed an action for declaratory judgment, anti-suit injunction, damages, and other relief. Kaalbye otherwise denies the allegations in Paragraph 1 of the Amended Complaint.

Introduction

2. Kaalbye admits that C4ADS published the version of the report entitled “The Odessa Network: Mapping Facilitators of Russian and Ukrainian Arms Transfers,” that is attached to the Amended Complaint as Exhibit 1, in September 2013 (hereinafter the “Amended Report”). Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the remaining allegations in Paragraph 2 of the Amended Complaint and therefore denies them.

3. Kaalbye admits that it is a company registered in the British Virgin Islands. Kaalbye otherwise denies the allegations in Paragraph 3 of the Amended Complaint.

4. Kaalbye admits that a vessel it manages transported cargo from St. Petersburg, Russia to Tartus, Syria on one occasion in 2012. Kaalbye also admits that vessels under its management traveled to Venezuela in 2012. Kaalbye otherwise denies the allegations in paragraph 4 of the Amended Complaint.

5. Kaalbye admits that since the publication in September 2013 of an initial report entitled “The Odessa Network: Mapping Facilitators of Russian and Ukrainian Arms Transfers,” which is not attached to the Amended Complaint, and the Amended Report published several days after the initial report, Kaalbye advised C4ADS through legal counsel that it had prepared a complaint that would be filed if C4ADS it failed to apologize for false and defamatory statements about Kaalbye in both versions of its report. Kaalbye otherwise denies the allegations in Paragraph 5 of the Amended Complaint.

6. Kaalbye admits that its attorneys met with a reporter and attorneys from the Washington Post. Kaalbye otherwise denies the allegations in Paragraph 6 of the Amended Complaint.

7. Kaalbye denies the allegations in Paragraph 7 of the Amended Complaint.

8. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 8 of the Amended Complaint and therefore denies them.

9. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 9 of the Amended Complaint and therefore denies them.

10. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 10 of the Amended Complaint and therefore denies them.

11. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 11 of the Amended Complaint and therefore denies them.

12. Kaalbye admits that Plaintiff filed an action for declaratory judgment, anti-suit injunction, damages, and other relief. Kaalbye otherwise denies the allegations in Paragraph 12 of the Amended Complaint.

Parties

13. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 13 of the Amended Complaint and therefore denies them.

14. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 14 of the Amended Complaint and therefore denies them.

15. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 15 of the Amended Complaint and therefore denies them.

16. Kaalbye admits that the first version of the Amended Report was widely disseminated and had global reach. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 16 of the Amended Complaint and therefore denies them.

17. Kaalbye denies that any of the companies listed in Paragraph 17 are “subsidiary/shell companies” and otherwise denies the allegations in Paragraph 17 of the Amended Complaint.

18. Kaalbye denies challenging allegations in the Report regarding a 2009 court ruling in the Southern District of New York and therefore submits the substance of these allegations is not ripe for declaratory judgment. Kaalbye otherwise denies the allegations set forth in Paragraph 18 of the Amended Complaint.

19. Kaalbye admits that it is registered in the British Virgin Islands and that Kaalbye Ukraine maintains its principal place of business in Odessa, Ukraine.

20. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 20 of the Amended Complaint and therefore denies them.

21. Kaalbye denies the allegations in Paragraph 21 of the Amended Complaint.

22. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 22 of the Amended Complaint and therefore denies them.

23. Kaalbye admits that Igor Urbansky co-founded Kaalbye. Kaalbye also admits that Mr. Urbansky formerly served as a deputy minister in the Ukrainian Government. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 23 of the Amended Complaint and therefore denies them.

24. Kaalbye admits that Boris Kogan co-founded Kaalbye. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 24 of the Amended Complaint and therefore denies them.

25. Kaalbye denies asserting any claim that the allegations in the Paragraph 25 are defamatory and therefore submits the substance of these allegations is not ripe for declaratory judgment. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 25 of the Amended Complaint and therefore denies them.

26. Kaalbye denies asserting any claim that the allegations in the Paragraph 26 are defamatory and therefore submits the substance of these allegations is not ripe for declaratory judgment. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 26 of the Amended Complaint and therefore denies them.

27. Kaalbye denies asserting any claim that the allegations in the Paragraph 27 are defamatory and therefore submits the substance of these allegations is not ripe for declaratory judgment. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 27 of the Amended Complaint and therefore denies them.

28. Kaalbye denies asserting any claim that the allegations in the Paragraph 28 are defamatory and therefore submits the substance of these allegations is not ripe for declaratory judgment. Kaalbye otherwise denies the allegation that Boris Kogan's brother works for RosOboronExport because Mr. Kogan does not have a brother. Kaalbye otherwise lacks

sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 28 of the Amended Complaint and therefore denies them.

29. Kaalbye denies the final sentence of Paragraph 29 because it misleadingly excerpts a reference from the Report without adequate context. Kaalbye otherwise admits the allegations in Paragraph 29 of the Amended Complaint.

30. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 30 of the Amended Complaint and therefore denies them.

31. Kaalbye denies the allegations in Paragraph 31 of the Amended Complaint.

32. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 32 of the Amended Complaint and therefore denies them.

33. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 33 of the Amended Complaint and therefore denies them.

34. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 34 of the Amended Complaint and therefore denies them.

35. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 35 of the Amended Complaint and therefore denies them.

36. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 36 of the Amended Complaint and therefore denies them.

Jurisdiction and Venue

37. Paragraph 37 states legal conclusions to which no response is required. To the extent this paragraph is deemed to contain allegations of fact, Kaalbye denies them.

38. Kaalbye admits that it retained counsel in Washington, D.C. and that counsel contacted C4ADS in Washington, D.C. Kaalbye otherwise denies the allegations in Paragraph 38 of the Amended Complaint.

39. Kaalbye admits that its counsel contacted the Washington Post in Washington, D.C. Kaalbye otherwise denies the allegations in Paragraph 39 of the Amended Complaint.

40. Kaalbye admits that it retained GSCG. Kaalbye otherwise denies the allegations in Paragraph 40 of the Amended Complaint.

41. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations regarding the location where GSCG is based and therefore denies them. Kaalbye otherwise denies the allegations in Paragraph 41 of the Amended Complaint.

42. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 42 of the Amended Complaint and therefore denies them.

43. Paragraph 43 states legal conclusions to which no response is required. To the extent this paragraph is deemed to contain allegations of fact, Kaalbye denies them.

Statements of Facts

44. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 44 of the Amended Complaint and therefore denies them.

45. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 45 of the Amended Complaint and therefore denies them.

46. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 46 of the Amended Complaint and therefore denies them.

47. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 47 of the Amended Complaint and therefore denies them.

48. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 48 of the Amended Complaint and therefore denies them.

49. Kaalbye denies the allegations in Paragraph 49 of the Amended Complaint.

50. Kaalbye admits that the statement within quotation marks in the first sentence of Paragraph 50 appears at page 38 of the Report. Kaalbye otherwise denies the allegations in Paragraph 50 of the Amended Complaint.

51. Kaalbye denies the allegations in Paragraph 51 of the Amended Complaint.

52. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 52 of the Amended Complaint and therefore denies them.

53. Kaalbye admits the Report contains references to a Kaalbye shipment in 2001. Kaalbye otherwise denies the allegations in Paragraph 53 of the Amended Complaint.

54. Kaalbye admits the Report contains references to a 2008 shipment. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 54 of the Amended Complaint and therefore denies them.

55. Kaalbye admits the Report contains references to shipments to Venezuela. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 55 of the Amended Complaint and therefore denies them.

56. Kaalbye denies the allegations set forth in the first sentence of Paragraph 56. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 56 of the Amended Complaint and therefore denies them.

57. Kaalbye denies the allegations in Paragraph 57 of the Amended Complaint.

58. Kaalbye admits that a vessel it manages transported cargo from St. Petersburg, Russia to Tartous, Syria on one occasion in 2012. Kaalbye otherwise lacks sufficient knowledge

or information to form a belief about the truth of the allegations in Paragraph 58 of the Amended Complaint and therefore denies them.

The Report

59. Kaalbye admits that C4ADS inserted disclaimer language in its Amended Report that did not appear in the original version. Kaalbye denies that C4ADS maintains exacting standards. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 59 of the Amended Complaint and therefore denies them.

60. Kaalbye admits that the statement quoted in Paragraph 60 of the Amended Complaint appears on page 3 of the Amended Report. Kaalbye denies that this statement appeared in the original version of the Report.

61. Kaalbye admits that the statement quoted in Paragraph 61 of the Amended Complaint appears on page 4 of the Amended Report. Kaalbye denies that this statement appeared in the original version of the Report.

62. Kaalbye admits that the statement quoted in Paragraph 62 of the Amended Complaint appears on page 11 of the Amended Report. Kaalbye denies that this statement appeared in the original version of the Report.

63. Kaalbye denies the allegations in Paragraph 63 of the Amended Complaint.

64. Kaalbye admits that the statement quoted in Paragraph 64 of the Amended Complaint appears in the Report. Kaalbye otherwise denies the allegations in Paragraph 64 of the Amended Complaint.

65. Kaalbye denies the allegations in Paragraph 65 of the Amended Complaint.

66. Kaalbye admits the language quoted in Paragraph 66 appears in the Amended Report but denies that the identical language appears in the original version of the Report. Kaalbye otherwise denies the allegations in Paragraph 66 of the Amended Complaint.

67. Kaalbye admits that the statement quoted in Paragraph 67 of the Amended Complaint appears on page 43 the Amended Report but denies that the identical language appears in the original version of the Report. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 67 of the Amended Complaint and therefore denies them.

68. Kaalbye denies the allegations in Paragraph 68 of the Amended Complaint.

Kaalbye's Alleged Connections to the MV Faina Incident

69. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 69 of the Amended Complaint and therefore denies them.

70. Kaalbye denies the allegations in Paragraph 70 of the Amended Complaint.

71. Kaalbye admits that the statement quoted in Paragraph 71 of the Amended Complaint appears in the Report, although it appears on page 18, not page 14 as the Amended Complaint states. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 71 of the Amended Complaint and therefore denies them.

72. Kaalbye admits that the allegations stated in Paragraph 72 of the Amended Complaint appear in the Report, although they appear on page 18, not page 14 as the Amended Complaint states. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 72 of the Amended Complaint and therefore denies them.

73. Kaalbye admits that the allegation stated in Paragraph 73 of the Amended Complaint appears in the Report, although it appears on page 18, not page 14 as the Amended Complaint states. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 73 of the Amended Complaint and therefore denies them.

74. Kaalbye admits that the allegation stated in Paragraph 74 of the Amended Complaint appears in the Report, although it appears on page 18, not page 14 as the Amended Complaint states. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 74 of the Amended Complaint and therefore denies them.

75. Kaalbye admits that quoted statement in Paragraph 75 of the Amended Complaint appears in the Report, although it appears on page 18, not page 14 as the Amended Complaint states. Kaalbye otherwise denies the allegations in Paragraph 75 of the Amended Complaint.

76. Kaalbye admits that the quoted statement in the first sentence in Paragraph 76 of the Amended Complaint appears on page 60 in the Report. Kaalbye also admits that the statement quoted in the second sentence in Paragraph 76 appears in a letter sent to C4ADS by counsel for Kaalbye. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 76 of the Amended Complaint and therefore denies them.

77. Kaalbye denies the allegations in Paragraph 77 of the Amended Complaint.

78. Kaalbye denies the allegations in Paragraph 78 of the Amended Complaint.

79. Kaalbye denies the allegations in Paragraph 79 of the Amended Complaint.

80. Kaalbye denies the allegations in Paragraph 80 of the Amended Complaint.

81. Kaalbye admits that the quoted statement appears in Exhibit 8 to the Amended Complaint. Kaalbye otherwise denies the allegations in Paragraph 81 of the Amended Complaint.

82. Kaalbye admits that the quoted statement appears in Exhibit 9 to the Amended Complaint. Kaalbye otherwise denies the allegations in Paragraph 82 of the Amended Complaint.

83. Kaalbye admits that the quoted statement appears in Exhibit 10 to the Amended Complaint. Kaalbye otherwise denies the allegations in Paragraph 83 of the Amended Complaint.

84. Kaalbye admits that the quoted statement appears in Exhibit 11 to the Amended Complaint. Kaalbye otherwise denies the allegations in Paragraph 84 of the Amended Complaint.

85. Kaalbye admits that the quoted statement appears in Exhibit 12 to the Amended Complaint. Kaalbye otherwise denies the allegations in Paragraph 85 of the Amended Complaint.

86. Kaalbye admits that the quoted statement appears in Exhibit 13 to the Amended Complaint. Kaalbye otherwise denies the allegations in Paragraph 86 of the Amended Complaint.

87. Kaalbye admits that the quoted statement appears in Exhibit 14 to the Amended Complaint. Kaalbye otherwise denies the allegations in Paragraph 87 of the Amended Complaint.

88. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 88 of the Amended Complaint and therefore denies them.

89. Kaalbye admits that Evgenii Poltavets was previously employed at a related company, Kaalbye Projects. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 89 of the Amended Complaint and therefore denies them.

90. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 90 of the Amended Complaint and therefore denies them.

91. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 91 of the Amended Complaint and therefore denies them.

Kaalbye's Alleged Connections to the MV Anastasia Incident

92. Kaalbye denies the allegations in Paragraph 92 of the Amended Complaint.

93. Kaalbye denies the allegations in Paragraph 93 of the Amended Complaint.

94. Kaalbye admits that a Kaalbye company operated the MV Anastasia. Kaalbye otherwise denies the allegations in Paragraph 94 of the Amended Complaint.

95. Kaalbye admits that the Report identifies Igor Urbansky as having been directly involved in the MV Anastasia's incident. Kaalbye otherwise denies the allegations in Paragraph 95 of the Amended Complaint.

96. Kaalbye admits that the Report includes statements about part of the MV Anastasia's cargo. Kaalbye otherwise denies the allegations in Paragraph 96 of the Amended Complaint.

97. Kaalbye admits the allegations in Paragraph 97 of the Amended Complaint.

98. Kaalbye denies the allegations in Paragraph 98 of the Amended Complaint.

99. Kaalbye admits that the Report states Spanish authorities discovered weapons aboard MV Anastasia and impounded the ship. Kaalbye otherwise denies the allegations in Paragraph 99 of the Amended Complaint.

100. Kaalbye admits that the Report states Spanish authorities imposed an \$800,000 bail and that the bail was paid before the ship went on to deliver its cargo. Kaalbye otherwise denies the allegations in Paragraph 100 of the Amended Complaint.

101. Kaalbye admits that the quoted statement appears in a letter sent by Kaalbye's counsel to C4ADS. Kaalbye otherwise denies the allegations in Paragraph 101 of the Amended Complaint.

102. Kaalbye denies the allegations in Paragraph 102 of the Amended Complaint.

103. Kaalbye admits that the statement quoted in Paragraph 103 appears in a letter sent by Kaalbye's counsel to C4ADS. Kaalbye otherwise denies the allegations in Paragraph 103 of the Amended Complaint.

104. Kaalbye admits the MV Anastasia flew the flag of the Republic of Georgia for part of 2001. Kaalbye denies the MV Anastasia was registered in St. Vincent and the Grenadines when it flew the flag of the Republic of Georgia. Kaalbye otherwise denies the allegations in Paragraph 104 of the Amended Complaint.

105. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 105 of the Amended Complaint and therefore denies them.

106. Kaalbye denies the allegations in Paragraph 106 of the Amended Complaint.

107. Kaalbye denies the allegations in Paragraph 107 of the Amended Complaint.

Kaalbye's Alleged Role in Cruise Missiles Transfers to Iran & China

108. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 108 of the Amended Complaint and therefore denies them.

109. Kaalbye denies the allegations in Paragraph 109 of the Amended Complaint.

110. Kaalbye admits that Paragraph 110 attempts to summarize pages 12 and 13 of the Report. Kaalbye otherwise denies the allegations in Paragraph 110 of the Amended Complaint.

111. Kaalbye denies the allegations in Paragraph 111 of the Amended Complaint.

112. Kaalbye admits that it disputes shipping cruise missiles to Iran as described in the Report. Kaalbye denies the Amended Complaint's (and the Report's) false implication that it shipped cruise missiles to China or any other location.

113. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 113 of the Amended Complaint, including all of its subparagraphs, and therefore denies them.

114. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 114 of the Amended Complaint and therefore denies them.

115. Kaalbye denies the allegations in Paragraph 115 of the Amended Complaint.

Other Statements Regarding Kaalbye

116. Kaalbye admits that the statement quoted in Paragraph 116 appears on page 67 of the Report. Kaalbye otherwise denies the allegations in Paragraph 116 of the Amended Complaint.

117. Kaalbye admits that the statement quoted in Paragraph 117 appears on page 67 of the Report. Kaalbye otherwise denies the allegations in Paragraph 117 of the Amended Complaint.

118. Kaalbye admits that it has transported military cargo from time to time in a safe, legal, and professional manner. Kaalbye otherwise denies the allegations in Paragraph 118 of the Amended Complaint.

119. Kaalbye admits transporting cargo to Syria on one occasion in 2012 but otherwise denies the allegations in Paragraph 119 of the Amended Complaint.

120. Kaalbye admits that the vessel Ocean Voyager transported cargo from St. Petersburg to Tartus in early 2012. Kaalbye also admits that Paragraph 120 attempts to characterize or summarize shipping documents related to the transportation of that cargo. Kaalbye otherwise denies the allegations in Paragraph 120 of the Amended Complaint.

121. Kaalbye denies challenging allegations in Paragraph 121 and therefore submits the substance of these allegations is not ripe for declaratory judgment. Kaalbye admits that one or more of the vessels it manages transported military cargo to Venezuela in 2012. Kaalbye otherwise denies the allegations in Paragraph 121 of the Amended Complaint.

122. Kaalbye admits the allegations in Paragraph 122 of the Amended Complaint.

123. Kaalbye denies the allegations in Paragraph 123 of the Amended Complaint.

124. Kaalbye admits that the statement quoted in Paragraph 124 appears on page 38 of the Report. Kaalbye otherwise denies the allegations in Paragraph 124 of the Amended Complaint.

125. Kaalbye denies the allegations in Paragraph 125 of the Amended Complaint.

126. Kaalbye admits that a photograph appears on page 38 of the Report that pictures two men armed with weapons. Kaalbye otherwise denies the allegations in Paragraph 126 of the Amended Complaint, in particular the false and misleading characterizations of the photograph.

127. Kaalbye admits that the language quoted in Paragraph 127 appears in a letter sent by Kaalbye's counsel to C4ADS. Kaalbye otherwise denies the allegations in Paragraph 127 of the Amended Complaint.

128. Kaalbye denies the allegations in Paragraph 128 of the Amended Complaint.

129. Kaalbye denies challenging allegations in Paragraph 129 and therefore submits the substance of these allegations is not ripe for declaratory judgment. Kaalbye admits that the statement quoted in Paragraph 129 appears on page 57 of the Report. Kaalbye also admits that the vessels listed in Paragraph 129 transported military cargo to Venezuela in 2012. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 129 of the Amended Complaint and therefore denies them.

130. Kaalbye admits that the statement quoted in Paragraph 130 appears on page 57 of the Report. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 130 of the Amended Complaint and therefore denies them.

131. Kaalbye admits that the statement quoted in Paragraph 131 appears on page 57 of the Report. Kaalbye otherwise denies the allegations in Paragraph 131 of the Amended Complaint.

132. Kaalbye admits that vessels it manages transported cargo to Venezuela in 2012, and that a portion of the cargo on those voyages included military cargo. Kaalbye otherwise denies the allegations set forth in Paragraph 132 of the Amended Complaint.

133. Kaalbye admits that the statement quoted in Paragraph 133 appears in a letter that Kaalbye's counsel sent to C4ADS.

134. Kaalbye denies the allegations in Paragraph 134 of the Amended Complaint.

135. Kaalbye denies challenging the allegations in the Report regarding shipments to Venezuela by vessels under Kaalbye's management, and therefore submits the substance of these allegations is not ripe for declaratory judgment. Kaalbye otherwise denies the allegations in Paragraph 135 of the Amended Complaint.

136. Kaalbye denies challenging the allegations in the Report regarding shipments to Venezuela by vessels under Kaalbye's management, and therefore submits the substance of these allegations is not ripe for declaratory judgment. Kaalbye otherwise denies the allegations set forth in Paragraph 136 of the Amended Complaint.

137. Kaalbye denies challenging the allegations in the Report regarding shipments to Venezuela by vessels under Kaalbye's management, and therefore submits the substance of these allegations is not ripe for declaratory judgment. Kaalbye otherwise denies the allegations set forth in Paragraph 137 of the Amended Complaint.

138. Kaalbye admits that the statement quoted in Paragraph 138 appears in a letter counsel for Kaalbye sent to C4ADS.

139. Kaalbye denies the allegations in Paragraph 139 of the Amended Complaint.

140. Kaalbye denies the allegations in Paragraph 140 of the Amended Complaint.

141. Kaalbye denies the allegations in Paragraph 141 of the Amended Complaint.

142. Kaalbye admits that the quoted language in Paragraph 142 appears on page 68 of the Report. Kaalbye otherwise denies the allegations in Paragraph 142 of the Amended Complaint.

143. Kaalbye denies the allegations in Paragraph 143 of the Amended Complaint.

144. Kaalbye denies the allegations in Paragraph 144 of the Amended Complaint.

145. Kaalbye admits that the statements quoted in Paragraph 145 appear in footnote 14 on page 68 of the Report. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 145 of the Amended Complaint and therefore denies them.

146. Kaalbye admits that the statement quoted in Paragraph 146 appears in the Report. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 146 of the Amended Complaint and therefore denies them.

147. Kaalbye denies the allegations in Paragraph 147 of the Amended Complaint.

148. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 148 of the Amended Complaint and therefore denies them.

149. Kaalbye denies the allegations in Paragraph 149 of the Amended Complaint.

150. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 150 of the Amended Complaint and therefore denies them.

151. Kaalbye denies asserting itself into a public controversy. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 151 of the Amended Complaint and therefore denies them.

152. Kaalbye denies the allegations in Paragraph 152 of the Amended Complaint.

153. Kaalbye denies the allegations in Paragraph 153 of the Amended Complaint.

Count I – Declaratory Judgment

154. Kaalbye incorporates by reference each of its responses in the foregoing paragraphs 1 through 154 as though fully set forth herein.

155. Kaalbye admits the allegations in Paragraph 155 of the Amended Complaint.

156. Kaalbye lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 156 of the Amended Complaint and therefore denies them.

157. Kaalbye admits the allegations in Paragraph 157 of the Amended Complaint.

158. Kaalbye admits the allegations in Paragraph 158 of the Amended Complaint.

159. Paragraph 159 states legal conclusions to which no response is required. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 159 of the Amended Complaint and therefore denies them.

160. Paragraph 160 states legal conclusions to which no response is required. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 160 of the Amended Complaint and therefore denies them.

161. Paragraph 161 states legal conclusions to which no response is required. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 161 of the Amended Complaint and therefore denies them.

162. Paragraph 162 states legal conclusions to which no response is required. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 162 of the Amended Complaint and therefore denies them.

163. Kaalbye denies the allegations in Paragraph 163 of the Amended Complaint.

164. Kaalbye denies the allegations in Paragraph 164 of the Amended Complaint.

165. Paragraph 165 states legal conclusions to which no response is required. Kaalbye otherwise denies the allegations in Paragraph 162 of the Amended Complaint.

166. Kaalbye denies the allegations in Paragraph 166 of the Amended Complaint.

167. Kaalbye denies the allegations in Paragraph 167 of the Amended Complaint.

168. Paragraph 168 states legal conclusions to which no response is required. Kaalbye otherwise lacks sufficient knowledge or information to form a belief about the truth of the allegations in Paragraph 168 of the Amended Complaint and therefore denies them.

169. Paragraph 169 purports to state a prayer for relief to which no response is required. Kaalbye otherwise denies the allegations in Paragraph 169.

170. Paragraph 170 purports to state a prayer for relief to which no response is required. Kaalbye otherwise denies the allegations in Paragraph 170.

Kaalbye has moved to dismiss Counts II, III, and IV and therefore does not specifically respond to the allegations in paragraphs 171 through 195 at this time. If that motion is denied, Kaalbye will further respond to the allegations in those numbered paragraphs.

Kaalbye denies that C4ADS is entitled to any of the relief sought in the Prayer following Count IV.

To the extent not specifically admitted above, Kaalbye denies all of the allegations in the Amended Complaint.

AFFIRMATIVE DEFENSES

As its affirmative defenses, Kaalbye asserts as follows:

First Affirmative Defense

Count I of the Amended Complaint fails to state a claim upon which relief can be granted.

Second Affirmative Defense

C4ADS is estopped by its own conduct from asserting Count I.

Third Affirmative Defense

The relief sought by C4ADS is barred by the doctrine of unclean hands.

Fourth Affirmative Defense

At all relevant times, Kaalbye acted in good faith.

WHEREFORE, Kaalbye requests that the Court enter judgment in its favor, dismiss C4ADS's Amended Complaint with prejudice, award Kaalbye all of the costs and attorneys' fees incurred in defending this action and grant such other and further relief it deems appropriate.

COUNTERCLAIMS

Defendant/Counterclaim Plaintiff Kaalbye Shipping International Ltd., through undersigned counsel, hereby brings these counterclaims against Plaintiff/Counterclaim Defendant C4ADS, seeking injunctive relief and compensation for damages to their corporate reputation and business. All of the counterclaims allege that C4ADS defamed Kaalbye by publishing a report that contains false and defamatory statements or implications about Kaalbye's business practices, history, and alleged affiliation with a fictitious arms-transportation network that is an invention of C4ADS. Kaalbye specifically takes issue with incomplete and inaccurate research C4ADS allegedly conducted regarding the location of Kaalbye's vessels and C4ADS' penchant for citing unreliable media sources, intentionally or negligently ignoring contrary facts and sources, and mischaracterizing facts in its Report.

Kaalbye alleges as follows:

JURISDICTION AND VENUE

1. The Court has subject-matter jurisdiction pursuant to D.C. Code § 11-921.
2. C4ADS is subject to personal jurisdiction in this Court because the false and defamatory statements by C4ADS were published in the District of Columbia.

3. Venue in the District of Columbia is proper because a substantial portion of the events that gave rise to Counter-Plaintiff's claims transpired in the District of Columbia, including the publication or republication of the defamatory statements.

4. Counter-Plaintiff sustained damages as a result of C4ADS's defamatory statements, which were made and published in the District of Columbia.

THE PARTIES

5. Kaalbye Shipping International Ltd. ("Kaalbye") is an ocean cargo transportation company registered in the British Virgin Islands.

6. In Ukraine, Kaalbye Shipping International Ltd. is represented by Kaalbye Shipping Ukraine.

7. Kaalbye Shipping Ukraine is headquartered in Odessa, Ukraine.

8. In addition to providing ocean cargo transportation services, Kaalbye Shipping International Ltd offers logistical support, including making bunkering arrangements, appointing agents at ports, and monitoring performance of subcontractors, among others.

9. Kaalbye conducts its business from various ports around the world, including the port of Oktyabrsk, Ukraine. The fleet of vessels regularly managed by Kaalbye, as well as the specifications of those vessels, are displayed on Kaalbye's website at <http://www.kaalbye-group.com/fleet.html>.

10. Annually, Kaalbye manages from eight to seventeen general cargo vessels with a capacity between 5,000 to 25,500 metric tons (MT). Kaalbye also provides logistical support to a wide range of vessels with capacity ranging from 1,000 to 30,000 MT.

11. Kaalbye transports a wide range of cargo, including heavy and bulky equipment, hazardous materials, agricultural products, and fertilizers.

12. Kaalbye operates in compliance with all international and applicable national laws, regulations, and safety policies and meets the requirements of the International Safety Management (ISM) Code.

13. Kaalbye was certified as fully compliant with the ISM Code requirements with regard to the operation of dry cargo vessels in 1999. Kaalbye renews its ISM certification annually.

14. Kaalbye is well-respected in the international community. In 2004, the United Nations Procurement Division listed Kaalbye as an authorized shipping company. Kaalbye is a member of ICC-International Maritime Bureau. It is also a member of “BIMCO,” the Baltic and International Maritime Council, which is an international shipping association that promotes the application of international agreements and is accredited as a non-governmental association with relevant United Nations agencies and other entities.

15. Among Kaalbye’s valued clients is the United States Navy’s Military Sealift Command, which employed Kaalbye to assist with the transfer of a mine-countermeasures ship to Japan in 2009 and a coastal security craft to Cyprus in 2012.

16. Kaalbye has also participated in several projects for the Sea Launch System through the charterers of Energia Logistics Ltd.

17. In addition, Kaalbye has transferred NASA rockets for Orbital Sciences Corporation; the loading of such rockets was carried out under supervision of American representatives in the Oktyabrsk port.

18. Most recently, Kaalbye participated in the transportation of items for the Sea Launch System and Orbital in December 2013.

19. C4ADS is the organizational author and the publisher of the defamatory report at issue in this claim, *The Odessa Network: Mapping Facilitators of Russian and Ukrainian Arms Transfers* (the “Report”).

20. C4ADS is a non-profit, non-governmental organization based in Washington, D.C. On its website, C4ADS claims that it seeks “to understand global conflict and security through on-the-ground research and data-driven analysis.” C4ADS, *Our Mission*, <http://www.c4ads.org/#!who/csgz> (last visited Mar. 9, 2014). It allegedly strives “to alleviate the analytical burden carried by public sector institutions by providing manpower, depth, and rigor.” *Id.*

21. In carrying out these aspirations, C4ADS purports to “place a premium on foreign language capability, overseas experience, education, [and] technical skills.” *Id.* According to the C4ADS website, its current projects and areas of focus include transnational crime and illicit networks, conflict, security and statebuilding, conflict prevention in emerging markets, and arms trafficking and transfers. C4ADS, *What We Do: Current Projects & Focus Areas*, <http://www.c4ads.org/#!what/cc7t> (last visited Mar. 9, 2014).

FACTS COMMON TO ALL COUNTS

The Report

22. *The Odessa Network: Mapping Facilitators of Russian and Ukrainian Arms Transfers* was authored by two C4ADS analysts: Tom Wallace (Chief Analyst) and Farley Mesko (Chief Operating Officer). The Report is dated September 2013. The Report, in its current version, is eighty-three pages long and is available on the C4ADS website in a PDF version. *See Report, available at* http://media.wix.com/ugd/e16b55_ed93e67e18137ba2d9b15837fa992895.pdf. Ex. A.

23. The Report purports to examine a “network of Ukraine-based individuals and logistics companies,” to which the Report refers as the “Odessa Network,” and which, the authors allege, “is responsible for transporting weapons out of Russia and Ukraine on behalf of government sellers.” Ex. A, at 4.

24. C4ADS named the alleged network after the Ukrainian port city Odessa because this is where C4ADS believes the alleged network’s “key leadership” to be located. *Id.* According to the Report, “[e]vidence suggests that some of these companies may transport weapons to the Assad regime in Syria, among other notorious violators of human rights.” *Id.*

25. C4ADS initially published and posted the Report on its website on September 8, 2013.

26. On September 10, C4ADS removed the Report from its website without publicizing that fact or providing any explanation. *See* Ex. B.

27. On September 19, 2013, C4ADS (again without publicizing that fact or providing any explanation) posted a revised and shortened version of the Amended Report on its website. *See* Ex. A.

28. The Amended Report contains a legal disclaimer with the following proviso: “The 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.” Ex. A, at 3.

29. This disclaimer was not included in the original September 8 report, which was widely distributed to media and posted online. *See* Ex. B, at 3.

30. The executive summary in the Amended Report includes an additional paragraph, which states: “Indeed, most of the activity described herein is perfectly legal.” Ex. A, at 4. Another legal disclaimer in the Amended Report was amended and broadened, and now

states: “This paper 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.” Ex. A, at 11.

31. The explanations quoted in Paragraph 24 were not part of the original Report published on September 8, 2013. *See* Ex. B.

32. On its website, C4ADS announces that the Report is a “culmination of our 10-month investigation into Former Soviet Union (FSU) arms transfers.” C4ADS, *Project Highlights*, <http://www.c4ads.org/#!/project-highlights/c2111> (last visited Mar. 9, 2013).

33. C4ADS gives a detailed explanation of its methodology in the Report. Specifically, C4ADS explains that the “events” section of the report identified patterns, which emerged when C4ADS “researched and assembled a database of Russian and Ukrainian arms shipments spanning 12 years and 22 recipient countries.” Ex. A, at 9. After deriving “big-picture insights” from this data, C4ADS analyzed “the weapons export process in greater detail.” Ex. A, at 10. Here, it “identif[ied] key individuals, companies, and locations, drawing upon a wide range of open-source data.” *Id.*

34. C4ADS defines “open-source” data as “local media reports in Arabic, Spanish, Russian, and Ukrainian, court cases and contract disputes from Russia, Ukraine, and the United States,” as well as “incorporation documents made available as exhibits in those cases, and business directories from Europe, the Middle East, Africa, and more.” *Id.*

35. C4ADS concludes that the last chapter of the report “summarizes the hard facts uncovered about *The Odessa Network* and presents our definitive and inferential analytical judgments.” *Id.*

36. Since C4ADS published the Report on its website, many national and foreign print and online news publications reported on the allegations in the Report and cited it extensively.

37. Among the articles that were based on *The Odessa Network* was a Sunday edition, front-page article in *The Washington Post*. The article was entitled “Ukrainian Port Eyed as Analysts Seek Syria’s Arms Source.” It was authored by Joby Warrick and published in print and online on or about September 7, 2013. Ex. C. *The Washington Post*’s story drew heavily upon the C4ADS Report, which the *Post*’s article characterized as a “new study by independent conflict researchers.” Ex. C.

38. The *Post* story includes the following assertion:

Kaalbye’s entire fleet of seven freighters picked up cargo in Oktyabrsk over the past 18 months, the [C4ADS] report said, and then, in the case of the *Ocean Fortune*, went “off the grid” – disappearing from at least three global databases that record transponder data for international shipping. “The evidence presents a strong circumstantial case that these ships and companies were moving weapons or other sensitive cargo to the Assad regime,” it [*i.e.*, the C4ADS report] said. Bolstering the case, [the C4ADS report] said, is the fact that “publicly reported Russian arms shipments were also carried out by members of this network.”

39. Shortly after the print publication of the *Post*’s article, the *Post* appended the following “clarification” to its online addition:

Clarification:

The Ukrainian owner of the cargo ship Ocean Fortune has provided additional information about the vessel’s route during an extended trip earlier this year. After publication of the article, the company provided records that it says show that the Ocean Fortune traveled to several ports in the Persian Gulf and India during the voyage in question. These data could not be independently corroborated or disproved by The Post. Kaalbye also provided data from another ship-tracking service showing

automatic transponder signals for the Ocean Fortune during the two-month period.

Ex. D.

40. More recently, the *Post* corrected the article that was based on the C4ADS

Report. This correction appears on *The Washington Post's* website:

Correction: *Previous versions of this article, including in the Sept. 8, 2013 print edition of The Washington Post, incorrectly described details about the operation of a Ukrainian cargo vessel highlighted in a feature about military aid to Syria. Information supplied by the manager of the Ocean Fortune — and subsequently verified by The Washington Post through independent sources — confirms that the ship's automated transponder was functioning normally as it traveled through the eastern Mediterranean during an extended voyage in early 2013. An analysis of third-party data indicates that the ship, managed by Kaalbye Shipping International Ltd., made no stops at Syrian ports during the journey. The Post also confirmed through third-party data that automated transponders on Kaalbye vessels were functioning normally when they traveled to and from Venezuela in 2012. In addition, the article incorrectly stated that Ukrainian ship owner Vadim Alperin is a Kaalbye business partner.*

Ex. E; see http://www.washingtonpost.com/world/national-security/ukrainian-port-eyed-as-analysts-seek-syrias-arms-source/2013/09/07/f61b0082-1710-11e3-a2ec-b47e45e6f8ef_story.html.

41. In addition to *The Washington Post* article, the Report was widely publicized on the internet both in the English and the Russian-language media.

42. On February 26, 2014 at 11:37 AM, a Google search for ““Odessa Network’ and C4ADS” retrieved 11,600 results within 0.18 seconds. *See* <https://www.google.com/#q=%22odessa+network%22+and+C4ADS>. A search for “C4ADS and Odessa” in the Russian language in the Russian-language search engine “Yandex.ru” returned 1,000 results. *See*

<http://yandex.ru/yandsearch?text=c4ads+%D0%B8+%D0%9E%D0%B4%D0%B5%D1%81%D1%81%D0%B0&lr=87>.

43. The Report caused particular controversy in Ukraine. On September 10, 2013, the Ukrainian Ministry of Foreign Affairs issued an official statement rejecting the accusations of *The Washington Post* article and declared “with all the responsibility that throughout 2012-2013 there were no supplies to Syria nor transit from the Russian Federation through the territory of our country of goods for military purposes.” *See* <http://mfa.gov.ua/en/press-center/comments/398-zajava-mzs-shhodo-situaciji-v-siriji> (last visited Feb. 26, 2014).

44. Ukraine’s State Service of Export Control issued a similar statement, declaring that it had issued no permits for the transit of military goods from Russia through Ukraine to Syria. *See* Interfax Ukraine (in Russian), <http://interfax.com.ua/news/political/167301.html> (Sep. 19, 2013) (last visited Feb. 26, 2014).

The Report Contains False and Defamatory Statements or Implications

45. The Report defames Kaalbye by making false statements, juxtaposing statements and omitting material facts to lead ordinary readers to false and defamatory conclusions.

AIS Transponders

46. On page 68, the Report falsely states or implies that Kaalbye tampers with safety transponders. The Report falsely suggests that Kaalbye is “deliberately turning off their AIS [Automatic Identification System] transponders to avoid detection” and has engaged in many “highly suspicious” voyages.

47. Specifically, the Report states:

Many of Kaalbye's 2013 port calls at Oktyabrsk are followed by long periods with its ships missing from AIS coverage. These ships call in Oktyabrsk, are detected transiting through the Bosphorus into the Mediterranean by Turkish AIS receivers, and then go "off the grid" for weeks or even months. This is not inherently criminal, as AIS coverage is imperfect; ships are often undetectable when on high seas, far away from land-based AIS receivers, and many under-developed ports lack adequate AIS infrastructure. Yet, these areas are relatively few. Virtually all of Europe, North and South America, Russia, China, Japan, Korea, Australia, and much of the Middle East and North Africa are covered by commercial AIS services. The fact that so many of Kaalbye's destinations after leaving Oktyabrsk are not detected on AIS means either they are docking at areas with poor AIS coverage, or are deliberately turning off their AIS transponders to avoid detection. Both of these conditions apply to Syria; AIS data is difficult to come by, and many of the known Russian and Iranian weapons shipments (such as Katsman and Chariot) have turned off or spoofed their AIS transponders when approaching Syria to avoid detection.

This pattern of Kaalbye ships docking at Oktyabrsk, entering the Mediterranean, then disappearing from AIS coverage has been most prevalent during periods of heavy Russian military aid to Syria. Russia allegedly surged heavy weapons shipments to Syria in Spring 2013, a period during which the majority of the Kaalbye heavy lift and ro-ro fleet loaded cargo at Oktyabrsk, entered the Mediterranean, and then disappeared for weeks on end. These voyages fall into three categories: innocuous voyages, where the transit times and distances line up, and gaps in coverage coincide with long periods of high seas transit; moderately suspicious voyages, where transit times indicate major delays or diversions, but could be offset by high seas transit; and highly suspicious voyages, where transit times and distances indicate major delays or diversions not sufficiently explainable by high seas transit (i.e. missing AIS records either outbound, inbound, or at destination ports.)

Ex. A, at 68. The Report goes on to describe these three categories of voyages in more detail.

See id.

48. In this description of allegedly "suspicious" voyages, C4ADS strongly implies that Kaalbye circumvented safety features on its vessels to conceal the movements of vessels it

manages. C4ADS further states or implies that Kaalbye did so to avoid detection for the purpose of transporting military cargo to areas in conflict. The allegations are groundless, utterly false, and highly damaging to Kaalbye's reputation.

49. Contrary to C4ADS's false and defamatory statements, Kaalbye's ships never "disappeared for weeks on end" or were subject to "major delays or diversions."

50. To track its ships, Kaalbye has long relied on the services of Inmarsat plc.

51. "Inmarsat plc was set up in 1979 by the International Maritime Organization (IMO) to enable ships to stay in constant touch with shore or to call for help in an emergency, no matter how far out to sea." See <http://www.inmarsat.com/about-us/>.

52. Unlike AIS coverage, which C4ADS acknowledges is "imperfect," Inmarsat's tracking is reliable and verifiable.

53. Inmarsat data proves Kaalbye did not make the trips to Syria during the period of time when several "highly suspicious" voyages (according to C4ADS) occurred. Consequently, the implications in the Report regarding the operation of safety transponders about vessels Kaalbye manages are unquestionably and irrefutably false.

54. Moreover, reliable sources of AIS transponder data also disprove the false and defamatory implications in the C4ADS Report about the movements of vessels Kaalbye manages.

55. For example, the Report states at page 68 that a vessel managed by Kaalbye, the Ocean Fortune, loaded at Oktyabrsk from January 1-5, 2013, broadcast its last position heading out of the Aegean sea on January 9, then reappeared outside the Eastern side of the Mediterranean on March 7, 2013. The report identifies this voyage as "highly suspicious" based on data.

56. There is nothing inherently suspicious, and certainly not “highly suspicious,” about an ocean cargo vessel traveling in areas with limited AIS coverage.

57. Consequently, C4ADS’s allegation that the Ocean Fortune’s voyage in early 2013 was “highly suspicious” based on the so-called data carries only one reasonable implication – that Kaalbye disabled the AIS transponder aboard that vessel.

58. C4ADS’s so-called research of AIS data for the Ocean Fortune in 2013 is demonstrably inaccurate. Reliable AIS data proves that after leaving the Aegean Sea, the Ocean Fortune’s AIS transponder continued to function normally, and show that the vessel proceeded to the Suez Canal, and then onward to points in India and Asia.

MV Anastasia

59. On page 13, under “event #3,” the Report makes defamatory statements concerning a Kaalbye vessel MV Anastasia.

60. Specifically, the Report describes the alleged transport of “636 tons of assault rifles, ammunition, grenades, mortar shells, NVGs, and more.” Exhibit A, p. 13. The Report states:

Igor Urbansky, founder of Kaalbye, was directly involved. Ship was intercepted in Las Palmas in the Canary Islands, where Spanish officials uncovered weapons and impounded the ship. After an \$800,000 bail was paid, the ship continued on to Angola and delivered its cargo. Ship was flying the Georgia flag, but in fact was registered in St. Vincent and Grenadines.

Id.

61. The Report does not provide a source for its allegations regarding Mr. Urbansky’s involvement, the bail, or the “interception” of the vessel.

62. The sources that C4ADS produces for other relevant allegations in this “event” contain conflicting information or lack reliability on their face.

63. Namely, C4ADS relies on a Ukrainian newspaper, “Facts and Commentary,” and an online source reliefweb.int. See endnote 9 in the Report, citing *Испанские власти задержали украинский экипаж судна «анастасия» по подозрению в контрабанде более 600 тонн оружия и взрывчатки и требуют выплаты штрафа в размере 850 тысяч долларов* [Spanish authorities held the Ukrainian crew of the ship Anastasia in suspicion of transporting more than 600 tons of weapons and explosives and demand a fine of more than \$850,000], FACTI I COMMENTARY, Mar. 3, 2001, available at <http://srv1.fakty.ua/101462-ispanskie-vlasti-zaderzhali-ukrainskij-ekipazh-sudna-quot-anastasiya-quot-po-podozreniyu-v-kontrabande-bolee-600-tonn-oruzhiya-i-vzryvchatki-i-trebuyut-vyplaty-shtrafa-v-razmere-850-tysyach-dollarov>; *Spain Halts Angolan-Bound Ship Carrying Russian Arms: press*, Feb. 28, 2001, available at <http://reliefweb.int/report/angola/spain-halts-angolan-bound-ship-carrying-russian-arms-press>.

64. An examination of these sources shows that Facts and Commentary indicates that Kaalbye owns the vessel, but notes that Kaalbye has denied ownership of the vessel and cited the vessel certificate naming an owner from Georgia.

65. The online source reliefweb.int describes the ship as “a Georgian-registered freighter” and does not mention Kaalbye at all.

66. Thus, C4ADS’s sources used for the same event are inconsistent with each other, and one of the sources contradicts C4ADS’s allegation that ship was flying the Georgian flag improperly.

67. Furthermore, the article in the *Facts and Commentary* misspells Kaalbye’s name twice, calling it “Kolbye.” This further illustrates the lack of reliability of this source.

68. Additionally, C4ADS erroneously describes the periodical *Facts and Commentary* as a completely separate periodical, *Arguments and Facts*.

69. *Arguments and Facts* is a well-established Russian newspaper that has no affiliation with the Ukrainian *Facts and Commentary*. See endnote 9 in the Report.

70. In the same “event,” C4ADS relies on a publication in the *Rabochaya Gazeta*, titled “Where Are We Sailing, Captain?” See endnote 13 in the Report citing *Куда «плывем», боцман?* [“Where are we sailing, captain?”] *Rabochaya Gazeta*, Mar. 6, 2008, available at <http://rg.kiev.ua/page5/article9179/>.

71. C4ADS’s citation to the source does not indicate that the source is an anonymous commentary in an online version of a newspaper.

72. This anonymous piece makes sweeping accusations against Kaalbye and Mr. Urbansky but cites no sources.

73. Citations to the anonymous commentary do not constitute reliable research.

74. The allegations regarding the “interception” of MV Anastasia in the Report are false and defamatory. The vessel was not “intercepted” in Las Palmas. It stopped at the Las Palmas port for ordinary bunkering (taking on fuel).

75. The allegations about authorities “discovering” arms are untrue, false, and defamatory. The vessel was seized and fined due to an erroneous description of the cargo, not because authorities “uncovered” weapons.

76. Despite that C4ADS claims to have expertise about transportation of arms, C4ADS failed to mention that had the MV Anastasia actually transported concealed weapons without proper paperwork, the vessel never would have been granted bail and never would have been allowed to leave the port in Las Palmas.

77. The statement in the Report about the flag and registry of the vessel is false and defamatory.

78. The Report states that the vessel was flying the flag of the Republic of Georgia but was registered in a different location. That statement or implication is false, as the MV Anastasia was indeed registered in the Republic of Georgia at the time of the incident.

79. Despite its claim to have conducted thorough research, C4ADS failed to discover (or intentionally concealed) that the registration of the vessel had changed after the temporary seizure at Las Palmas.

80. The false allegation is defamatory because it states or implies that Kaalbye somehow attempted to conceal information about the vessel and its cargo, which is damaging to Kaalbye's reputation and utterly inconsistent with the amount of detailed paperwork that accompanies shipments of any hazardous cargo, including military cargo.

81. As purported experts in the transportation of military cargo, C4ADS knew or should have known that its statements about the MV Anastasia were false, damaging to Kaalbye's reputation, and inconsistent with the ordinary course of transporting military cargo.

MV Faina

82. On page 60, the Report makes false and defamatory allegations that Kaalbye owns the MV Faina.

83. The MV Faina was a cargo vessel that was allegedly transporting arms to participants in a controversial armed conflict in Africa when it was hijacked by Somali pirates and held for a number of weeks. The captain of the Faina died during the incident.

84. Numerous media stories chronicled the piracy, and media coverage about the ownership and operation of the vessel painted a highly conflicted portrait of the vessel's ownership and management.

85. The Report intentionally capitalizes on that controversy to further its goal of falsely portraying Kaalbye as a disreputable arms transporter: "Though hijacking is a threat for any ship-owner, it 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." Ex. A, at 60.

86. Though a number of initial reports about the *MV Faina* hijacking mentioned that Kaalbye owned or operated the vessel, numerous sources more recent in time correctly identified different companies and an individual as the true owner and operator of the *MV Faina*. The Report negligently, recklessly, or intentionally omitted reliable news reports that contradicted C4ADS's one-sided contention that Kaalbye owned and operated the vessel.

87. In fact, C4ADS knew or should have known that Kaalbye neither owned or operated the *MV Faina*. On page 18 of the Report, under "event #16," C4ADS lists Waterlux AG as the owner of *MV Faina*. Further contradicting itself, in the Notes section of the Report, C4ADS observes that the "[s]hip is widely reported to actually be owned and operated by Kaalbye Shipping and Tomex Team (closely linked to Ukrainian businessman Vadim Alperin)."

88. The Report does not cite any facts in support of its allegation that Kaalbye is *MV Faina*'s owner or that Kaalbye is closely linked to a man named Vadim Alperin.

89. Instead, the Report relies solely on early news reports and erroneous follow-up statements.

90. The source that C4ADS provides for other allegations in this “Note” mentions Mr. Alperin and names Waterlux as MV Faina’s owner but says nothing about Kaalbye. See endnote 43 in the Report, citing Victor Myasnikov, *Личный оружейный бизнес президента* [Personal weapons business of the President] *Nezavisimaya Gazeta*, Aug. 8, 2008, available at http://nvo.ng.ru/armament/2008-10-10/11_ukraina.html.

91. The article C4ADS cited in endnote 43 in the Report names Waterlux as MV Faina’s owner.

92. Specifically, the article indicates that Mr. Alperin used the services of a company by the name of “Cargoshipping” to track down a Panamanian company Waterlux, which owns MV Faina.

93. The article also indicates that “another Ukrainian company” served as the operator. Multiple reliable articles cited a company called Tomex as the vessel’s operator – articles the C4ADS negligently or intentionally omitted and ignored.

94. C4ADS’s other sources for its contentions about the MV Faina in the Report are unreliable. For instance, on page 41 the Report cites a web forum discussing MV Faina. See endnote 168 in the Report, citing *Сага о Фаине, Сомалии*, [The Saga of the Faina and Somalia], Ukrainian web forum, available at <http://ord-ua.com/2009/01/13/saga-o-faine-somali/?page=22>.

95. On page 44, to support an allegation that Mr. Urbansky had resigned as a general director at Kaalbye prior to taking the post of Deputy Minister of Transportation of Ukraine, C4ADS cites an online article alleging that Kaalbye owns MV Faina. See endnote 201 in the Report, citing *Владелец судна «Фаина» - важный украинский чиновник?* [The owner of the ship Faina – an important Ukrainian official?] *Newsland*, Oct. 15, 2008, available at <http://newsland.com/news/detail/id/307408/>.

96. But the source for that article is a so-called “Stringer Information Agency,” which advertises as a news agency that uses “official and unofficial” sources and contains on its website tabs titled “Rumors” and “Compromising Stories.”

97. Further, on page 65, C4ADS states that Waterlux AG and Phoenix Trans-Servis are the owner and manager of the weapons ship Faina, and one or both of these companies are “closely linked to Kaalbye.”

98. C4ADS offers no support for the allegation that Waterlux and Phoenix Trans-Servis are closely linked to Kaalbye.

99. Kaalbye did not own or operate the MV Faina in 2008 when it was hijacked.

100. Publicly-available sources indicate that an individual who has no affiliation or relationship with Kaalbye (Mr. Alperin) owns the vessel. *See, e.g., Russian Warship May Free Somali Pirates’ Hostages by Force*, RIA NOVOSTI, Jan. 10, 2008, <http://en.ria.ru/world/20081001/117372437.html> (last visited May 21, 2014); *Pirates Agree on Ransom for Ukrainian Ship Carrying Russian Tanks*, FOX NEWS, Nov. 30, 2008, <http://www.foxnews.com/story/2008/11/30/pirates-agree-on-ransom-for-ukrainian-ship-carrying-russian-tanks/> (last visited May 21, 2014).

Corrupt Officials

101. On page 32, the Report defames Kaalbye by making references to exports allegedly engineered by Kaalbye working in concert with corrupt officials. The Report refers to “event #1” on page 12 of the Report, stating that “[t]he only instance of advanced weapons systems definitely being sold without governmental knowledge was the chronologically **first event** in our dataset, the export of Ukrainian X-55 missiles by rogue Russian intelligence officers

in collaboration with corrupt Ukrainian officials and Kaalbye Shipping to Iran and China in 2001.” (Emphasis added.) Ex. A, at 32.

102. The “first event” referenced on page 32 of the Report allegedly concerns “Kh-55 (NATO: AS-15 Kent) cruise missiles” and lists Kaalbye as the owner and operator of the ship involved. Ex. A, at 12. The Notes section of the event states:

Covert deal brokered by corrupt Ukrainian and Russian officials, including from Ministry of Defense and State Security Service. Used fabricated contract with Russian defense export firm Rosvooruzhenie and series of front companies (including “Progress” and “Far West Ltd.”) to export missiles inherited from USSR and held in Ukraine. All parties involved except Igor Urbansky (of Kaalbye Shipping) died under mysterious circumstances: then-head of Ukrspetsexport Valeri Maleev died in a car crash on 6 March 2002, Australian-Iranian Haider Sarfraz died in a car crash in 2004, Oleg Orlov was arrested in the Czech Republic and extradited in Ukraine, where his throat was slit in prison, Sergei Petrov died in a car bombing in Africa in 2004, and Vladimir Filin disappeared.

Id. (endnotes omitted).

103. C4ADS cites five sources, four of which (based of their placement) should pertain to Kaalbye. *See* endnotes 3–8 in the Report.

104. Two of the sources, however, appear under the heading “cargo” but discuss Ukrainian sales of weapons generally, without mentioning Kaalbye. *See Ukraine Leader Confirms Missile Sales to Iran*, NBC News, Mar. 31, 2005, *available at* http://www.nbcnews.com/id/7349303/ns/world_news/t/ukraine-leader-confirms-missile-sales-iran/#.UazoyEDvtBY; *Ukraine Admits Missiles Sold to Iran and China*, Telegraph (London, UK), Mar. 18, 2005, *available at* <http://www.telegraph.co.uk/news/1485933/Ukraine-admits-missiles-sold-to-Iran-and-China.html>.

105. The third source is the *Rabochaya Gazeta* anonymous piece, discussed above.

106. The fourth one is an exposé on Mr. Urbansky in a Ukrainian online-newspaper, the *Tribuna*. C4ADS relies on this source to support its allegation that “[a]ll parties involved except Igor Urbansky (of Kaalbye Shipping) died under mysterious circumstances.” See *Непотопляемый Урбанский: адмирал «секретного флота*, [“The Unsinkable Urbansky: Admiral of a ‘Secret Fleet,’”] *Tribuna* (Ukraine) Apr. 24, 2008, available at <http://tribuna.com.ua/articles/persons/161811.htm>.

107. Sensational as these allegations sound, the statements are utterly false and defamatory in that none of them relate in any way to Kaalbye shipping working with corrupt officials or transporting cruise missiles.

108. Kaalbye has not, to the best of its knowledge, conducted business with corrupt government officials.

109. Kaalbye did not transport Ukrainian or Russian cruise missiles to Iran or China in 2000-2001 or at any other time.

110. No vessel operated by Kaalbye has ever called on a port in Iran to deliver anything other than legal, permissible cargo.

111. None of the investigations in Ukraine that emerged following the alleged shipments of cruise missiles identified Kaalbye or any person affiliated with Kaalbye as being involved in the transportation of cruise missiles.

112. At least one source that C4ADS negligently or intentionally ignored indicates that Ukrainian cruise missiles may have been transported to Iran and China in aircraft; Kaalbye does not own, operate, or manage aircraft.

113. The allegations against Kaalbye in the Report regarding transportation of cruise missiles do not rely on any shipping documents, court documents, government reports, or other actual facts to support their contentions.

114. Instead, the Report relies solely on questionable online reports from Ukraine and/or Russia that are speculative, poorly researched, and unreliable.

115. The entire section of so-called “events” in the Report is falsely mischaracterized as “weapons shipment data,” whereas the supporting endnotes prove that the primary support for the Report is a series of speculative and unsupported news stories.

116. Page 37 of the Report makes further defamatory references to Kaalbye facilitating arms sales by corrupt officials. In the last paragraph on the page, the publication again refers to Kaalbye “facilitating” a 2000 sale of Ukrainian X-55 cruise missiles to Iran and China by “corrupt officials.”

117. Specifically, the Report states:

The existence or extent of Kaalbye’s involvement in the weapons trade during the 1990s is unknown, but it . . . certainly entered into the weapons trade by the early aughts, and stayed there for the next decade. Kaalbye’s entry into the weapons transportation market coincided with the exit of traditional facilitators: Minin was arrested in Italy in 2000, and Gaydamak indicted in France in April 1999 and June 2000. It also coincided with the emergence of Putin, and reassertion of state control over major weapons systems and other national assets. The 2000 sale of Ukrainian X-55 cruise missiles to Iran and China by corrupt officials, which Kaalbye facilitated, is one of the very last instances of the private sale of major FSU weapons systems. Kaalbye clearly adapted to the new state-dominated weapons market, as its long list of subsequent shipments shows.

Ex. A, at 37 (endnotes omitted).

118. Like the other references to these events cited in the Report, the only support for these false and defamatory contentions draws from speculative and unreliable reports, primarily from online-only sources in Russia or Ukraine.

Armed Guards

119. The Report falsely states or implies that Kaalbye participates in some kind of arms-transportation network that requires unduly high security and secrecy.

120. To further this false implication, the Report falsely describes the Oktyabrsk Port in Ukraine as some kind of military installation protected by unusual secrecy and security.

121. In fact, security at the Oktyabrsk Port is comparable to security at other ports in the region. Entrance to the Oktyabrsk Port for the periods of time relevant to the report has been controlled by ordinary security personnel as opposed to members of the military. Generally, leftovers from the period of time when the Oktyabrsk Port was more regularly used for military purposes, such as guard towers, sit empty and abandoned on a daily basis.

122. To further the false implication of Kaalbye's participation in a covert arms-dealing network, on page 38, the Report falsely mischaracterizes a photograph of guards armed with assault rifles at Kaalbye offices: "Though one can enter the ground floor reception area at will, guards armed with AK-47s are posted at the foot of the stairs." Ex. A, at 38.

123. The photograph describes the armed individuals in the photograph as "Kaalbye guards." Ex A, Fig. 25, at 38.

124. Kaalbye has maintained offices at the Maritime Business Center in Odessa since 2003. Any person can freely enter the building, which houses not only Kaalbye's offices, but also a bank, a medical clinic, and other businesses.

125. The stairs pictured in figure 25 in the Report cannot be used to access Kaalbye's offices.

126. Rather, the stairs are primarily used for the public to visit a bank on the second floor of the Maritime Business Center.

127. Kaalbye's offices may only be accessed by an elevator that is unguarded and in a different part of the building than the stairs pictured in the photograph.

128. The uniforms and location of the men depicted in Figure 25 on page 38 of the Report are consistent with regular visits to the bank in the Maritime Business Center by armored car services and guards who work for such services to service the bank in that building.

129. Kaalbye does not employ guards armed with automatic weapons and has no personnel who guard the stairway in the Maritime Business Center.

130. The individuals pictured in figure 25 are not building security and are not employed, directly or indirectly, by Kaalbye.

131. Though C4ADS now claims the photograph cannot be defamatory, the false characterizations and implications of what the photograph depicts further C4ADS's false premise that Kaalbye is involved in a suspicious arms-transportation network that requires a high degree of security at its offices. Those implications are false and damaging to Kaalbye's reputation.

Tomex, Waterlux, etc.

132. On page 38, the Report makes false and defamatory allegations regarding Kaalbye's alleged collaboration with Tomex, Waterlux, etc. Specifically, the Report states:

If Kaalbye itself cannot perform a particular shipment for customers (either because all its ships are booked, or it does not have the requisite ships or personnel), it almost certainly knows someone either in Odessa or abroad who does. . . . Kaalbye collaborated with **Tomex Team, Waterlux AG, Almar, and Phoenix Trans-Service** to transport weapons to South Sudan

between 2007 and 2009. Through its subsidiary **Primetransport Ltd.**, Kaalbye partners with German firm Briese, one of the most active shippers of FSU weapons.

Ex. A, at 38.

133. These statements are false and defamatory. Kaalbye Shipping did not cooperate with Tomex Team, Waterlux AG, or any other company to transport weapons to South Sudan from 2007-2009.

134. Kaalbye also has no special relationship or partnership with Briese.

135. Briese is a German company that is at least ten times the size of Kaalbye and that transports its own cargo without Kaalbye's involvement.

136. On page 57, the Report makes false and defamatory allegations regarding the Spliethoff ship *Sluisgracht*. In this section of the Report, C4ADS discusses the alleged shipment of arms from Russia to Venezuela, which included "Sukhoi fighter jets, combat helicopters, S-300 SAMs, T-72 tanks, BMP-3 IFVs, BTR-80 APCs, Grad MRLs, and more." Exhibit A, p. 57.

137. The Report falsely alleges or implies that Spliethoff, a Netherlands company, has some kind of cooperative business relationship with Kaalbye: "the Spliethoff ship *Sluisgracht* . . . accompanied Kaalbye in transporting weapons to Venezuela." Ex. A, at 57. Later, the same section states: "the *Sluisgracht* was responsible for transporting the T-72 tanks, presumably leaving the lighter cargo for Kaalbye." *Id.*

138. C4ADS supports the former statement with a citation not to a news article, but rather to a livejournal.com entry by member by the nickname of "bmpd." See endnote 270 in the Report, citing *Прибытие в Венесуэлу третьей партии вооружения из России* [The third party of Russian weapons arrives in Venezuela], BPMD, Mar. 25, 2012, available at <http://bmpd.livejournal.com/186218.html>.

139. The livejournal entry itself generally cites a Venezuelan source entitled “www.fav-club.com.”

140. Further research shows that bmpd is a “live and unofficial” blog of the Centre for Analysis of Strategies and Technologies (CAST), a Russian defense industry and arms trade think tank.

141. Although on its website CAST names its print periodicals and books, it makes no reference to the livejournal blog on which the Report relies. *See* the English version of the website at <http://www.cast.ru/eng/>.

142. In summary, the sources for the Report’s false contentions about Kaalbye are neither data-driven nor the product of true factual research, but rather unreliable online-only entries from questionable sources. This further undermines the reliability of the Report and the false allegations of Kaalbye’s ties to various companies.

143. Kaalbye has no relationship with Spliethoff and therefore had no knowledge of the cargo transported by any Spliethoff vessel.

144. On page 65, the Report makes additional false and defamatory allegations regarding Kaalbye’s alleged relationship with Waterlux AG and Phoenix Trans-Servis.

145. The Report falsely states that these companies are “closely tied” or “closely linked” to Kaalbye: “Waterlux AG and Phoenix Trans-Service (the owner and manager of the weapons ship *Faina*, and closely linked to Kaalbye) both appear to have regularly used Regional Investment Bank JSG.” Ex. A, at 65.

146. This statement has no factual support.

147. The Report does not reference business records, transportation records, or reliable sources to support these false allegations.

148. On page 67, the Report makes false and defamatory statements referring to Kaalbye as an arms “shipper.” Specifically, the Report states: “Kaalbye is the single most active shipper of Russian and Ukrainian weapons” Ex. A, at 67. The term shipper, as it is commonly used in the ocean cargo transportation industry, refers to the person or company that is the owner or supplier of the commodities being shipped.

149. As purported experts in the field of ocean cargo transportation of weapons, C4ADS knew or should have known that referring to Kaalbye as a “shipper” of weapons was false and defamatory.

150. In fact, C4ADS concedes elsewhere in its report that Kaalbye is not an arms dealer and does not own the military cargo it transports. *See, e.g.*, Ex. A, at 4.

151. Kaalbye is not and has never been a “shipper” of any cargo.

152. Kaalbye manages cargo vessels and transportation.

153. Thus, the allegation that Kaalbye is a “shipper” of military cargo or weapons falsely states or implies that Kaalbye was actually involved in buying or selling arms or munitions. In the context of a Report that at various times alleges corrupt officials were selling weapons or that weapons were being bought and sold during embargoes or other restrictions, this implication is not only false but also damaging to Kaalbye’s reputation.

The Report Defamed Kaalbye

154. All of the statements described above are knowingly or recklessly false and highly damaging to Kaalbye’s business reputation.

155. In the international ocean cargo community, accusing a vessel owner of tampering with or disabling safety equipment is highly damaging.

156. The International Maritime Organization's International Convention for the Safety of Life at Sea requires the operation of AIS on all vessels with gross tonnage of 300 or more (which clearly includes the Kaalbye vessels addressed in the Report).

157. Kaalbye's own safety policies require the use of AIS beacons on each vessel and require that such beacons remain fully operational at all times.

158. Kaalbye's business records demonstrate that the safety systems aboard each vessel are maintained in accordance with Kaalbye's safety policies.

159. The Report states on page 67 of the Report that "Ships can turn off their transponders, broadcast a false name or [identifiers], or even 'spoof' their signals to appear as if they are in an entirely different location or are an entirely different ship than they actually are. Past Russian weapon shipments to Syria such as the Katsman have turned their AIS transponders off, and Iranian vessels routinely spoof their signals."

160. As C4ADS acknowledges on page 67 of the Report, "[t]he International Maritime Organization ("IMO") publishes lists of ships that are detected with these discrepancies, which we included in our database."

161. C4ADS did not confirm whether or how Kaalbye maintained safety records or vessel tracking systems prior to publishing the Report.

162. The Report falsely states or implies that each vessel operated by Kaalbye that engaged in a "highly suspicious" voyage in 2012 and 2013 may have disabled or tampered with its AIS safety beacons.

163. No vessel operated by Kaalbye has intentionally or knowingly disabled or tampered with its AIS safety equipment.

164. Readily available AIS data that C4ADS negligently or intentionally ignored disproves the false implication that Kaalbye could have tampered with or disabled its AIS beacons.

165. Satellite-based tracking data for each Kaalbye vessel irrefutably shows that no Kaalbye vessel called on a port in Syria in 2013, and that only one Kaalbye vessel called on Syria in 2012.

166. This is the activity that the Report characterizes as “active” shipping of cargo to Syria.

167. Satellite-based data about ocean vessel movements is transmitted to the flag administration for each vessel on a regular basis.

168. As purported experts in the field, C4ADS knew or should have known that such satellite data would be available to confirm or refute the statements and implications in its Report.

169. C4ADS negligently or intentionally failed to compare the results of its so-called research into AIS data against the most reliable data that was available regarding the movements of Kaalbye’s vessels.

170. Kaalbye maintains a series of logs on its vessels that show all safety equipment is routinely inspected and certified to be functioning properly.

171. As purported experts in the field, C4ADS knew or should have known that such information exists and might contradict its research.

172. C4ADS never approached Kaalbye to request access to this kind of documentation to confirm or refute the results of its so-called research into AIS data.

173. Despite attempts by C4ADS to avoid the clear implications of its Report, C4ADS did not state in the Report that its information about Kaalbye relied on internet blogs, anonymous online postings, unreliable sources based in Ukraine and Russia, and “data-driven research” that was never compared to or confirmed by the most accurate available data, like satellite-based GPS tracking systems and actual records like cargo manifests, records of port visits, and other reliable information.

174. Rather, C4ADS claimed its Report was based on “data-driven research,” “hard facts,” and “open-source data.”

175. Accordingly, attempts by C4ADS to mischaracterize its Report as protected opinions belie its own claims to rely on research and data.

176. All of the foregoing implications have smeared Kaalbye’s corporate reputation, resulting in significant monetary losses in the form of lost business opportunities and lost banking relationships, at a minimum.

177. As a direct and proximate result of the publication of the Report, Kaalbye received numerous complaints from customers. As a direct and proximate result of the publication of the Report, two of Kaalbye’s primary banking relationships ended.

178. Consequently, C4ADS’s actions have caused Kaalbye damage to its corporate reputation in that the defamatory statements prejudiced Kaalbye in the conduct of its business or deterred others from dealing with it. Kaalbye has suffered other financial damages as a result of the publication of the Report.

**C4ADS Published its Report with Negligence and/or Actual Malice
Regarding the Defamatory Statements in the Report**

179. C4ADS’s description of its investigative techniques misleads its readers to think that C4ADS is engaged in responsible and accurate data collection and analysis.

180. The Report, however, as described above, makes false and damaging statements about Kaalbye that are much less certain and much more disputed than C4ADS disclosed to the public.

181. C4ADS acted negligently in publishing a Report that includes false and defamatory allegations about Kaalbye, as detailed above.

182. Alternatively, C4ADS published false and defamatory statements about Kaalbye with reckless or knowing disregard about the truth or falsity of the allegations in the Report, as detailed above.

183. A purported expert on the transportation of arms knew or should have known that accusing a carrier of disabling safety equipment based on AIS data alone demonstrated knowing or reckless disregard for the truth.

184. A purported expert on Russia, fluent in the language, knew or should have known that Russian and Ukrainian online sources are not reliable.

185. C4ADS's repeated citation to such unreliable sources regarding Kaalbye's business demonstrated knowing or reckless disregard for the truth.

186. Blog entries, anonymous comments posted subsequent to online articles, and tabloid-type newspapers based in Russia and Ukraine are readily recognized as unreliable.

187. One of the Report's authors, Tom Wallace, is C4ADS's Senior Analyst. According to C4ADS website, Mr. Wallace "received his undergraduate degree in Political Science and Russian Studies from the University of Michigan, where he was named the National Russian Scholar Laureate, and is currently receiving his master's in Security Policy Studies at George Washington University." Mr. Wallace's "research at C4ADS focuses on government-

private collaboration in foreign policy in the former Soviet Union and China. Tom has lived in Russia and China, and speaks Russian and Mandarin.”

188. Farley Mesko is C4ADS’s Chief Operating Officer. According to C4ADS website, he “is a consultant for World Bank, a freelance journalist, and sits on the Board of Directors of a Somali NGO.” He “has worked and traveled extensively in East and West Africa, and speaks Arabic.”

189. As purported experts in the region, C4ADS, Wallace, and Mesko negligently made false and unsupported statements or negligently cited unreliable sources in making defamatory statements about Kaalbye.

190. Alternatively, in making false and defamatory statements about Kaalbye, these purported experts knew or should have known that the defamatory statements were either entirely unsupported or were derived from sources that are inherently unreliable.

191. Even if C4ADS did not claim special expertise in Russian/Ukrainian affairs and languages, Ukrainian media sources are publicly known to be unreliable. IREX, a U.S.-based nonprofit “committed to international education in academic research, professional training and technical assistance,” prepares annual reports on developing democracies and makes them available on its website: <http://www.irex.org/project/media-sustainability-index-msi-europe-eurasia>, as well as in hard copy upon request.

192. IREX’s reports on Ukraine date back to 2001. *See* <http://www.irex.org/resource/ukraine-media-sustainability-index-msi>.

193. Although the IREX reports do not target particular newspapers, they place in great doubt the reliability of Ukrainian sources generally.

194. The 2013 IREX report cites Petro Burkovskiy with the National Institute for Strategic Studies in Kiev, who said that “yellow journalism is dominating print media and attracting more readers, although the information is usually one-sided, sensational, and often unchecked.” See http://www.irex.org/sites/default/files/u105/EE_MSI_2013_Ukraine.pdf, 8. With respect to internet media, he stated: “Internet media are taking a leadership role with respect to compliance with some standards, though one must check multiple sources to get an objective picture of the day.” *Id.*

195. The 2012 IREX report noted that professionalism in journalism in Ukraine “is sliding.” See http://www.irex.org/system/files/u105/EE_MSI_2012_Ukraine.pdf, 10.

196. “Victoria Syumar, executive director of the Institute of Mass Information (IMI) based in Ukraine, noted lack of balance, increased manipulation of sources, selective choice of comments, absence of independent views, and high self-censorship as hallmarks of Ukrainian media.” *Id.*

197. The 2012 IREX report further states: “According to IMI’s monitoring of professionalism in six leading national publications, only 35 percent of stories comply with professional standards. Of the six standards measured (balance of opinions, timeliness, reliability, separation of facts from comments, accuracy and fullness of presented facts), balance and fullness are violated most frequently” *Id.*

198. Accordingly, many Ukrainian publications cannot be taken at face value, and the lack of credibility among such publications is widespread.

199. Because C4ADS openly relied on “open-source” materials from other countries to support the statements in the Report, and because the authors of the Report are skilled researchers and experts regarding the region, C4ADS knew or should have known that

the defamatory statements about Kaalbye could not reliably be supported or cited sources upon which the public could not reasonably rely.

200. Further, C4ADS negligently or knowingly failed to advise the public that its Report lacked credible support and cited unreliable sources.

201. Instead, C4ADS intentionally mischaracterized its sources as “data” and “facts.”

202. Alternatively, C4ADS recklessly or knowingly relied on “open-source” materials to support the statements in its Report, mischaracterizing them as facts and data when regional experts at C4ADS knew or should have known that their sources were unreliable.

203. C4ADS description of its methodology, with an emphasis on its sophisticated data-collection techniques and hard data, created the false impression that the Report was based on reliable information, characterized as “facts” and “data,” upon which the public could rely.

204. Indeed, C4ADS boasts that its “mission is to understand global conflict and security through on-the-ground research and data-driven analysis” and “to alleviate the analytical burden carried by public sector institutions by providing manpower, depth, and rigor.”

205. Because C4ADS made all of the foregoing false statements with negligent disregard for the lack of reliability and accuracy of the sources cited as support for the false statements, the false statements in the Report regarding Kaalbye were negligent.

206. Alternatively, C4ADS made all of the foregoing false statements with reckless or knowing intent to defame Kaalbye because C4ADS knew or should have known, based on its expertise and other factors, that the sources cited in the Report as “facts” and “data” were, in fact, unreliable. Such reckless or knowing disregard for the truth constitutes actual malice.

Count I
Defamation
(Disabled Safety Beacons/Arms to Syria)

207. Kaalbye repeats and incorporates by reference the allegations set forth in paragraphs 1 through 206.

208. The Report defamed Kaalbye because it falsely stated or implied and published to the public that Kaalbye tampered or disabled locator beacons to transport arms to Syria, which was subject to an arms embargo at the time.

209. In making this statement, C4ADS relied on AIS data, which C4ADS acknowledged is “imperfect.”

210. The reports of Inmarsat, the company Kaalbye uses for tracking its ships, establishes that Kaalbye did not make the trips to Syria C4ADS alleges it made based on gaps in AIS coverage.

211. Readily available AIS data also contradicts the false statements or implications in the Report about Kaalbye’s vessels disappearing from AIS coverage and/or disabling safety equipment.

212. The foregoing false statement in the C4ADS Report is defamatory because it tends to state that Kaalbye operates in disregard of basic ocean transportation safety rules and its own operating policies, placing its crew and cargo at undue risk. The foregoing false statement is also defamatory because it gives the impression that Kaalbye concealed the location of its vessels for the purpose of concealing improper activity. Finally, the foregoing false statement is defamatory because no vessel operated or managed by Kaalbye transported arms to Syria at the dates and times alleged in the Report.

213. C4ADS was negligent when it made the foregoing false and defamatory statements about Kaalbye.

214. Alternatively, C4ADS made the foregoing false and defamatory statements about Kaalbye with reckless or knowing disregard about the falsity of the statements, hence C4ADS acted with actual malice.

215. Kaalbye has suffered financial damage and damage to its business reputation as a result of the false statements made by C4ADS, in an amount to be proved at trial.

Count II
Defamation
(“Interception” in the Canary Islands)

216. Kaalbye repeats and incorporates by reference the allegations set forth in paragraphs 1 through 215.

217. The Report defamed Kaalbye because it falsely stated or implied that a Kaalbye vessel, MV Anastasia, was “intercepted” in the Canary Islands and fined because it was transporting concealed military cargo or weapons.

218. The foregoing false statement in the C4ADS Report is defamatory because it tends to diminish or tarnish Kaalbye’s reputation as a lawful company that manages cargo vessels and transportation for reputable shippers. The foregoing false statement is also defamatory because it mischaracterizes a routine bunker fuel stop and discrepancy in shipping-related paperwork into a false statement or implication of an “interception” of concealed weapons.

219. C4ADS was negligent when it made the foregoing false and defamatory statements about Kaalbye.

220. Alternatively, C4ADS made the foregoing false and defamatory statements about Kaalbye with reckless or knowing disregard about the falsity of the statements, hence C4ADS acted with actual malice.

221. Kaalbye has suffered financial damage and damage to its reputation as a result of the false statements made by C4ADS, in an amount to be proved at trial.

Count III
Defamation
(“Flying the Georgia Flag”)

222. Kaalbye repeats and incorporates by reference the allegations set forth in paragraphs 1 through 221.

223. The Report defamed Kaalbye because it falsely stated or implied and published to the public that a Kaalbye vessel was “flying the Georgia flag” in the Canary Islands when the vessel was not in fact named in Georgia’s shipping registry.

224. The foregoing false statement in the C4ADS Report is defamatory because it tends to diminish or tarnish Kaalbye’s reputation as a lawful company that manages cargo vessels and transportation for reputable shippers. The foregoing false statement is also defamatory because it suggests that the vessel was improperly flying the flag of a country where the vessel was not in fact registered. Accordingly, the Report used this reference to further its false statement or implication that Kaalbye was attempting to conceal a weapons shipment.

225. The statement in the Report was false because at the time the vessel MV Anastasia was detained in the Canary Islands, it was flying the flag of the Republic of Georgia and named in the corresponding ship registry in the Republic of Georgia.

226. C4ADS was negligent when it made the foregoing false and defamatory statements about Kaalbye by negligently failing to determine that the vessel's registry changed from the Republic of Georgia after the incident in question.

227. Alternatively, C4ADS made the foregoing false and defamatory statements about Kaalbye with reckless or knowing disregard about the falsity of the statements about the MV Anastasia's registration by failing to check historical vessel registry records, which are a common and well-known source for accurate information about a vessel's registry. Accordingly, C4ADS acted with actual malice.

228. Kaalbye has suffered financial damage and damage to its reputation as a result of the false statements made by C4ADS, in an amount to be proved at trial.

Count IV
Defamation
(MV Faina—the Hijacking)

229. Kaalbye repeats and incorporates by reference the allegations set forth in paragraphs 1 through 228.

230. The Report defamed Kaalbye because it falsely stated or implied and published to the public that Kaalbye was an owner and/or operator of a vessel, the MV Faina, or had some affiliation with the vessel's owner, which was transporting arms to a controversial purchaser in Sudan when was seized by pirates.

231. The foregoing false statement in the C4ADS Report is defamatory because it falsely stated or implied that Kaalbye was involved in a potentially illegal shipment of arms, when Kaalbye was not in fact involved in the shipment. The foregoing statement is also defamatory because it implies that Kaalbye failed to provide proper security and protection to its vessel cargo, when the truth of the matter is that Kaalbye neither owned nor operated the vessel.

Furthermore, the foregoing false statement is defamatory because it tends to diminish or tarnish Kaalbye's reputation as a lawful company that manages cargo vessels and transportation for reputable shippers.

232. C4ADS was negligent when it made the foregoing false and defamatory statements about Kaalbye.

233. Alternatively, C4ADS made the foregoing false and defamatory statements about Kaalbye with reckless or knowing disregard about the falsity of the statements, by failing to refer to and cite numerous reliable sources that contradicted its false contentions, hence C4ADS acted with actual malice.

234. Kaalbye has suffered financial damage and damage to its reputation as a result of the false statements made by C4ADS, in an amount to be proved at trial.

Count V
Defamation
(Collaboration with Corrupt Government Officials)

235. Kaalbye repeats and incorporates by reference the allegations set forth in paragraphs 1 through 234.

236. The Report defamed Kaalbye by falsely stating or implying and publishing to the public that Kaalbye facilitated the export of Ukrainian X-55 missiles by rogue Russian intelligence officers in collaboration with corrupt Ukrainian officials to Iran and China in 2001.

237. The foregoing false statement in the C4ADS Report is defamatory because it tends to diminish or tarnish Kaalbye's reputation as a lawful company that manages cargo vessels and transportation for reputable shippers. The foregoing false statement is also defamatory because it alleges that Kaalbye collaborates with corrupt government officials and is

involved in illegal arms exports. The foregoing statements are false because Kaalbye had no involvement in any such shipments.

238. C4ADS was negligent when it made the foregoing false and defamatory statements about Kaalbye.

239. Alternatively, C4ADS made the foregoing false and defamatory statements about Kaalbye with reckless or knowing disregard about the falsity of the statements, hence C4ADS acted with actual malice.

240. Kaalbye has suffered financial damage and damage to its reputation as a result of the false statements made by C4ADS, in an amount to be proved at trial.

Count VI
Defamation
(Armed Guards)

241. Kaalbye repeats and incorporates by reference the allegations set forth in paragraphs 1 through 240.

242. The Report defamed Kaalbye by falsely stating or implying and publishing to the public that Kaalbye's association with a fictitious arms-transportation network required it to maintain guards armed with assault rifles at its place of business, which is a commercial building open to the public in the heart of Odessa, Ukraine.

243. The foregoing false statement in the C4ADS Report is defamatory because it tends to diminish or tarnish Kaalbye's reputation as a lawful company that manages cargo vessels and transportation for reputable shippers. The foregoing false statement is also defamatory because it falsely conveys that Kaalbye feels the need to protect its alleged role in a fictitious arms-transportation "network" by protecting itself with heavily armed guards.

244. C4ADS was negligent when it made the foregoing false and defamatory statements about Kaalbye because neither Kaalbye nor the building in question employ guards armed with assault rifles.

245. C4ADS was negligent when it made the foregoing false and defamatory statements about Kaalbye because the stairs pictured in the photograph in question cannot physically be used to access Kaalbye's offices in the office building.

246. Finally, C4ADS was negligent when it made the foregoing false and defamatory statements because guards associated with armored car services in Odessa visit the office building on a regular basis to service the bank located immediately above the stairs pictured in the photograph.

247. Alternatively, C4ADS made the foregoing false and defamatory statements about Kaalbye with reckless or knowing disregard about the falsity of the statements, hence C4ADS acted with actual malice.

248. Kaalbye has suffered financial damage and damage to its reputation as a result of the false statements made by C4ADS, in an amount to be proved at trial.

Count VII
Defamation

(Association with an Arms-Dealing or Arms-Transporting "Network")

249. Kaalbye repeats and incorporates by reference the allegations set forth in paragraphs 1 through 248.

250. The Report defamed Kaalbye by falsely stating or implying and publishing to the public that Kaalbye is associated with an arms-dealing or arms-transportation "network" based in Odessa, Ukraine that allegedly deals with corrupt officials, transports arms in violation

of existing embargoes, and masks movements of vessels by disabling safety equipment, all of which is false.

251. The foregoing false statements in the C4ADS Report are defamatory because they tend to diminish or tarnish Kaalbye's reputation as a lawful company that manages cargo vessels and transportation for reputable shippers. The foregoing false statements are also defamatory because they state or imply Kaalbye is involved in illegal, improper, or unsafe activity and deals with corrupt public officials.

252. C4ADS was negligent when it made the foregoing false and defamatory statements about Kaalbye.

253. Alternatively, C4ADS made the foregoing false and defamatory statements about Kaalbye with reckless or knowing disregard about the falsity of the statements, hence C4ADS acted with actual malice.

254. Kaalbye has suffered financial damage and damage to its reputation as a result of the false statements made by C4ADS, in an amount to be proved at trial.

Count VIII
Punitive Damages for Defamation

255. Kaalbye repeats and incorporates by reference the allegations set forth in paragraphs 1 through 254.

256. Because C4ADS knew or should have known that each of the foregoing defamatory statements described in Counts I through VII regarding Kaalbye were false and defamatory, C4ADS's authorship and publication of the Report was outrageous, and constitutes evidence that C4ADS acted with malice, bad motive, and with reckless indifference to Kaalbye's corporate reputation and business.

257. By the conduct outlined above, and as a direct and proximate result of C4ADS's conduct, Kaalbye is entitled to punitive damages in the amount of not less than \$1 million.

Jury Demand

Kaalbye respectfully requests a trial by jury.

Prayer for Relief

WHEREFORE, Kaalbye respectfully requests that the Court award it the following relief:

1. That Kaalbye be awarded special, compensatory, punitive and general damages for its claims against C4ADS in an amount no less than \$1 million or such greater amount as may be proved at trial.
2. That Kaalbye be awarded its reasonable fees, costs and interest;
3. For an Order requiring C4ADS to issue a comprehensive apology for and correction of the defamatory statements about Kaalbye in its publication, the Odessa Network Report; and,
4. For such other relief as the Court deems just and proper.

Dated this 2nd day of June, 2014.

/ s /

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Kaalbye Shipping International Ltd.*

CERTIFICATE OF SERVICE

I DO HEREBY CERTIFY that on this 2nd day of June 2014, I DO HEREBY CERTIFY that on this 2nd day of June 2014, I served a copy of the foregoing by filing electronically with the Court's electronic filing system, CaseFileXpress, upon the following counsel of record:

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