

## Pre-approval Controlled Function S. 38 (2) Disclosure Form

### When to use:

This form should be used by pre-approval controlled functions (PCF's) pursuant to S. 38 (2) of the Act. A disclosure should be recorded on this form and sent as soon as possible to the whistleblower desk in the Central Bank of Ireland (contact details on the website).

### Contact Details

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County	Germany
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### Pre-approval controlled function role

PCF number (if known)	
Title of Role	
Name of Company	Balise Springs plc
Address of company	
Number and Street	1 Bedford Row
Town/City	London WC1R 4BZ
County	UK
CBI C-number number <i>[For internal use only]</i>	

### Disclosure

Date of occurrence	Approx.: March – December 2019
Description of disclosure	Misstatement of returns / earnings of Balise Springs plc backing the repayment of <b>Series 2019-F2 Securities</b> .
<i>Summary of disclosure</i>	Information provided to the market during marketing and distribution of bonds is contradicted by legally binding court rulings and an affidavit from a managing director of Balise Springs plc backing the repayment of the concerned instrument.
<i>Detailed disclosure</i> <i>State in detail all relevant facts</i>	

1. In accordance with the right provided by section 744 of the Companies Act 2006 (the **Act**), Carbon Resources Recovery GmbH ("**CRR**"), Schlüterstraße 37, 10629 Berlin, has filed a request with Balise Springs plc on 16 June 2020 to obtain material information in support of proposed legal action by CRR against ReOil sp. z.o.o ("**ReOil**") for violation of a binding court ruling and violation of CRR owned Know How. Specifically, CRR requested that Balise Springs provides them with a full and up-to-date copy of Balise Springs plc's register of debenture holders with particular focus on:
  - Balise Springs PLC 2019-F2 - €13,800,000 10% fixed rate Notes due April 2021; and
  - Balise Springs PLC 2019-F2 - £20,000,000 10% fixed rate Notes due April 2021 (together the "**Series 2019-F2 Securities**").
2. The purpose of the request was to obtain material information in support of proposed legal action by CRR against ReOil **for violation of a binding court ruling and violation of CRR owned Know How.**
3. **For background information:**
  - a) CRR have successfully obtained the following:
    - (i) an, initially temporary but now final and binding, **Injunction Order** against ReOil dated 26 February 2019 (Court File Number: 91 O 13/19) to the effect that ReOil is prohibited, in commercial transactions, from disclosing, offering and/or bringing them on the market any of CRR's confidential know how/information on thermal treatment of used tyres by pyrolysis consisting of a device using a rotary kiln without CRR's consent or from carrying out such actions through third parties. Failure to comply with such order would expose ReOil to an administrative fine of up to EUR 50,000 for each case of infringement or, alternatively, the managing director be detained in custody;
    - (ii) a **Court Judgement of first instance** dated 6 September 2019 rejecting ReOil's legal challenge against the Injunction Order (Court File Number: 91 O 13/19);
    - (iii) the **withdrawal of ReOil's further Appeal** as of 6 March 2020 (court file number: 12 U 169/19), and upon that, the legally final and binding **Resolution of second instance (Instance of Appeal)** of the Berlin court of appeal as of 9<sup>th</sup> March 2020 (Court File Number: 12 U 169/19), confirming the Court Judgement of first instance due to the withdrawal of the Appeal.
    - (iv) the **written confirmation of ReOil** by its legal advisers dated 20 March 2020 that ReOil accepts and will adhere to the Injunction Order dated 26 February 2019, seeing such order to be final and binding upon ReOil.
  - (Copies of each of the above documents (each in their original German language) are attached)
  - b) As a result of the resolution of the Berlin Court of Appeal, the Court Resolution and thereby the Injunction Order dated Feb 2019 became legally final and binding with the effect that Reoil must

- cease to disseminate CRR's know how or offer, distribute or enable third parties to do any of the foregoing, regarding;
- cease to declare the IP and know How of CRR being know how of ReOil; and
- accept that the technical and scientific know how contributed by CRR represented the essential core of the functioning of the plant in Bukowno.

c) CRR and ReOil entered into a **Supply Agreement** dated 5 March 2013 to the effect that ReOil is obliged to sell and deliver the entire quantity of its produced Carbon Black to CRR for a fix price of EUR 300 per tonne. The contract has a minimum term until 31 December 2022. The wording of the Supply Agreement requires ReOil to deliver all produced Carbon Black to CRR and to resell all that quantities against the obligation to pay to CRR all amounts of purchase price which is in excess of EUR 300 per tonne.

ReOil have demanded CRR to pay the offtake price for the sale of all of its production on an on-going basis between 2018 and 2020 (latest demand from April 2020), hereby confirming the aforementioned offtake-agreement to be valid and in effect between CRR and ReOil.

4. Having reviewed a copy of the **Investment Memorandum** and the **Term Sheet** as well as the **ReOil Teaser** from the Arranger (Bedford Row), all issued in connection with the creation, marketing and allotment of the Series 2019-F2 Securities, **we note various statements that are inconsistent with the legal position as regard the know how used in ReOil's operations and ReOil's undertakings to CRR**, namely that:

- the ReOil operations are based on a unique know how belonging to ReOil which give ReOil a stand- alone position regarding the specifically utilized technology and that this know-how is essential for its operations and the economic success of the ReOil operations;
- ReOil being the sole owner of all IP and know-how used for the business further described in the documents referred to above; and
- ReOil being able to redeem a price of at least EUR 580/t Carbon Black with the products produces in its business operations.

(Copies of the Investment Memorandum, the Term Sheet, the ReOil Teaser and the New Series and Coupon Announcements are attached)

The statements referred to in Sec. 4 appear not to be in line with the Court Resolutions, declarations, acceptances and agreements referred to above under sec. 3. a). **Thus, there might have been false representation in connection with the issuance and marketing of the Series 2019-F2 Securities.**

#### **Attachments**

*Please attach here any documents you wish to disclose to the Central Bank in accordance with S. 33 (2) of the Central Bank (Supervision and Enforcement) Act 2013*

**Annex 1:** *Injunction Order dated 26 February 2019 (Court File Number: 91 O 13/19)*

**Annex 2:** *Court Judgement dated 6 September 2019 (Court File Number: 91 O 13/19)*

**Annex 3:** *Withdrawal of Appeal dated 6 March 2019 (Court File Number: 12 U 169/19)*

<b>Annex 4:</b>	<i>Court Resolution dated 9 March 2020 confirming that withdrawal of Appeal (see Annex 3) leads to res judicata of the Court Judgement dated 6 September 2019 (see Annex 2)</i>
<b>Annex 5:</b>	<i>Written Confirmation by ReOil dated 20 March 2020, accepting the Injunction Order dated 26 February 2019</i>
<b>Annex 6:</b>	<i>Investment Memorandum Balise Springs plc</i>
<b>Annex 7:</b>	<i>Term Sheet Balise Springs plc</i>
<b>Annex 8:</b>	<i>New Series and Coupon Announcements Balise Springs plc</i>
<b>Annex 9:</b>	<i>Bedford Row – ReOil Teaser</i>
<b>Note:</b> We have provided the German-language documents with a convenience translation. If required, apostilled/certified translations can be provided immediately upon request.	
Indicate which section of which document(s) (if any) could reasonably be expected to reveal your identity.	-
If you are able to please indicate which section of financial services legislation you know or believe is being or has been broken	-
Indicate whether evidence has been or is being destroyed	No
Explain why you believe this disclosure would be of material assistance to the Central Bank	<p>The disclosed information would allow the Central Bank to assess and decide upon the material provided for the marketing and distribution of the instruments referred to above are false and maybe deliberately false. It appears that certain material information provided in connection with the issuance and marketing of the Series 2019-F2 Securities are not in line with legally binding court rulings and representations made by representatives of ReOil for the use in courts via Affidavit.</p> <p>If that is the case and the Court Rulings and the Affidavits are true and correct, which is the case, information relating to the possible earnings of ReOil and the rights to the underlying IP rights would need to be re-assesed and to be amended to the further effect of the need to re-consider the value of ReOil and the ReOil assets backing the repayment of the debt.</p>

*The Central Bank may process personal data provided by you in order to fulfil its statutory functions or to facilitate its business operations. Any personal data will be processed in accordance with the requirements of data protection legislation. Any queries concerning the processing of personal data by the Central Bank may be directed to [dataprotection@centralbank.ie](mailto:dataprotection@centralbank.ie). A copy of the Central Bank's Data Protection Notice is available at [www.centralbank.ie/fns/privacy-statement](http://www.centralbank.ie/fns/privacy-statement).*