

MAY 01 2019



IN THE SUPREME COURT OF BRITISH COLUMBIA

S-195 175
NO. _____
VANCOUVER REGISTRY

BETWEEN:

KEVIN HOBBS, LISA CHENG AND VANBEX GROUP INC.

PLAINTIFFS

AND:

KIPLING WARNER

DEFENDANT

NOTICE OF CIVIL CLAIM

This action has been started by the plaintiffs for the relief set out in Part 2 below.

If you intend to respond to this action, you or your lawyer must

- (a) file a Response to Civil Claim in Form 2 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim on the plaintiff.

If you intend to make a counterclaim, you or your lawyer must

- (a) file a Response to Civil Claim in Form 2 and a Counterclaim in Form 3 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed Response to Civil Claim and Counterclaim on the plaintiff and on any new parties named in the Counterclaim.

JUDGMENT MAY BE PRONOUNCED AGAINST YOU IF YOU FAIL to file the response to civil claim within the time for response to civil claim described below.

Time for Response to Civil Claim

A Response to Civil Claim must be filed and served on the plaintiff(s),

- (a) if you were served with the Notice of Civil Claim anywhere in Canada, within 21 days after that service,
- (b) if you were served with the Notice of Civil Claim anywhere in the United States of America, within 35 days after that service,

- (c) if you were served with the Notice of Civil Claim anywhere else, within 49 days after that service, or
- (d) if the time for Response to Civil Claim has been set by order of the court, within that time.

CLAIM OF THE PLAINTIFFS

Part 1: STATEMENT OF FACTS

1. The Plaintiff, Kevin Hobbs ("**Hobbs**"), is a businessman with an address for service in this matter c/o Dentons Canada LLP, 19th Floor, 250 Howe Street, Vancouver, British Columbia.
2. The Plaintiff, Lisa Cheng ("**Cheng**"), is a businesswoman with an address for service in this matter c/o Dentons Canada LLP, 19th Floor, 250 Howe Street, Vancouver, British Columbia.
3. The Plaintiff, Vanbex Group Inc. ("**Vanbex**"), is a corporation registered under the laws of British Columbia with an address for service in this matter c/o Dentons Canada LLP, 19th Floor, 250 Howe Street, Vancouver, British Columbia.
4. Hobbs and Cheng are the founders, officers and directors of Vanbex.
5. The Defendant, Kipling Warner ("**Warner**"), is a disgruntled former independent contractor of Vanbex with an address for service at 108-2115 Cypress Street, Vancouver, British Columbia.

Background

6. Warner is a conspiracy theorist.
7. Vanbex is a technology company. Its primary business is in developing and providing cryptocurrency and blockchain products and services, including consulting, business strategy, marketing and operations services.
8. On or about September 28, 2016, Vanbex entered into an agreement with Warner whereby Warner agreed to provide Vanbex with certain software engineering services as an independent contractor (the "**Service Contract**").
9. It was an express term of the Service Contract that during the term of the Service Contract, and afterwards, Warner would keep confidential all of Vanbex's confidential information and proprietary property and that he would not disclose or use any of it except for the purpose of carrying out authorized activities on behalf of Vanbex.

10. Throughout the course of November 2016, the Plaintiffs requested on multiple occasions that Warner provide them with a copy of the software code he was purporting to develop for them, his notes or any other work product evidencing the work he claimed to be performing. However, despite these requests, Warner failed to deliver any software code, notes or other work product to the Plaintiffs.

11. On or about November 30, 2016, only two months after the start of the Service Contract, Warner advised Vanbex that he was terminating the Service Contract immediately.

12. Following the termination of the Service Contract, a dispute arose between the Plaintiffs on the one hand and Warner on the other regarding what amounts were outstanding under the Service Contract. At this time, Warner also began making false and defamatory statements about the Plaintiffs and their business to others, including Vanbex customers, employees and contractors. All of this resulted in conflict and litigation between Warner and the Plaintiffs.

Warner made False Allegations about the Plaintiffs to the Vancouver Police Department

13. On or about April 17, 2017, Warner sent an email to his friend Jordan Lennox ("**Lennox**"), a police officer with the Vancouver Police Department (the "**VPD**"), with whom he had previously served in the Canadian Army (the "**Lennox Email**").

14. In the Lennox Email, Warner published the following false and defamatory statements:

I was recently working for a company here in Vancouver that was purporting to be developing bitcoin / FinTech related technology. I was offered the position of Director of Engineering. When I got there I found it a bit unusual that as the Director of Engineering I had no engineers to direct, despite their [sic] having existed for several years prior. I also found it a tad odd that I didn't have a computer. There were no engineering notes, no product, nothing. Just the CEO's power point slides and his MBA buzz words.

(the "**First Defamation**")

15. The First Defamation was meant and understood to mean, in its literal, implicit and natural meanings, that the Plaintiffs were not actually developing Bitcoin or FinTech related technology, and that the business was not a real business, but was instead a front, fraud and/or scam.

16. The First Defamation is false. In particular, and without limiting the foregoing, the First Defamation is false because:

- (a) Vanbex is and always was a legitimate, operating business;

- (b) In 2016, Vanbex was in the process of expanding its technology development operations;
- (c) At the time of the Service Contract, Vanbex was in the process of developing various technology products to service the growing cryptocurrency and blockchain markets, specifically Etherparty and a number of individual Smart Contracts; and
- (d) Under the Service Contract, Warner was to develop software code for a new product Vanbex was developing. Warner was not hired to manage or direct engineers or other Vanbex employees.

17. In the Lennox Email, Warner also published the following false and defamatory statements:

Over time I realized what was happening couldn't be dismissed as simple naivete on the part of the guy running the company, but there may have been more going on. It appeared to be a shell company. But for what?

...

It could well be that this new company he's setup (www.vanbex.com) is just a mechanism for laundering drug money or some other nefarious purpose.

(the "Second Defamation")

18. The Second Defamation was meant and understood to mean, in its literal, implicit and natural meanings, that:

- (a) Vanbex was a shell company and was being used for an illegal purpose;
- (b) Hobbs and Cheng were running an illegal and/or fraudulent business; and
- (c) Hobbs and Cheng were criminals and frauds.

19. The Second Defamation is false. In particular, and without limiting the foregoing, the Second Defamation is false because:

- (a) Vanbex is not a shell or fake company, and is not involved in any illegal activity;
- (b) Hobbs and Cheng are operating a legitimate technology business that focuses on cryptocurrency and blockchain; and
- (c) Hobbs and Cheng are not frauds nor are they engaged in any criminal activity.

20. In the Lennox Email, Warner further published the following false and defamatory statements:

The CEO, Kevin Patrick Hobbs, hadn't paid my bill, nor several other peoples'. He always has a story.

(the "**Third Defamation**", and collectively with the First Defamation and the Second Defamation, the "**VPD Defamations**")

21. The Third Defamation was meant and understood to mean, in its literal, implicit and natural meanings, that the Plaintiffs were not paying their employees and contractors, and that they were making up stories or lies regarding why they were not paying their bills.

22. The Third Defamation is false. In particular, and without limiting the foregoing, the Third Defamation is false because the Plaintiffs had paid (and have continued to pay) their employees and contractors, including Warner, and had not made up stories or lies to delay or avoid paying their bills.

23. At all material times, Warner knew that the VPD Defamations were false, and deliberately and maliciously published them to cause harm to the Plaintiffs.

Warner Encouraged the VPD and RCMP to Investigate the Plaintiffs on the basis of False Allegations

24. In the Lennox email, Warner encouraged Lennox and the VPD to pursue an investigation into the Plaintiffs and their business, on the basis of the VPD Defamations, which Warner knew were false and/or misleading.

25. Subsequent to making the VPD Defamations to Lennox, Warner maliciously repeated the substance of the VPD Defamations, as well as other falsehoods (the particulars of which are known to Warner) to other members of the VPD, as well as members of the Royal Canadian Mounted Police (the "**RCMP**") (collectively, the "**Defamatory Statements**").

26. Warner published and made the Defamatory Statements to the VPD and RCMP maliciously knowing that they were false or, alternatively, with reckless indifference to whether they were true or false, and for the predominate purpose of harming the Plaintiffs out of spite and ill will.

27. Through the publication and repetition of the Defamatory Statements, Warner intended to cause and did in fact cause the Defendants to be the subject of unnecessary and unwarranted investigations by, among others, the VPD and RCMP, resulting in a waste of public resources and sizable losses to the Plaintiffs.

28. In the furtherance of his efforts to have the Plaintiffs investigated by the VPD, RCMP and others, and in breach of his obligations under the Service Contract, Warner used confidential documents and information belonging to Vanbex. In particular, and without limiting the foregoing, Warner provided the VPD and/or RCMP with select confidential documents and information (the particulars of which are known to Warner), which on their own did not accurately represent the Plaintiffs' business and/or finances.

29. Further, based in large part on false information provided and perpetuated by Warner, on March 14, 2019, the Director of Civil Forfeiture (the "**Director**") filed a claim against Hobbs and Cheng alleging, among other things, that Vanbex is a shell company not an operating business, putting Hobbs and Cheng to the cost and expense of defending the claim, and reputational damage caused to them and to Vanbex.

30. In those separate proceedings, Hobbs and Cheng have denied the Director's allegations and have applied to have set aside an interim preservation order obtained by the Director on an *ex parte* basis.

Warner made the Defamatory Statements Maliciously and with the Intention of Causing harm to the Plaintiffs

31. Warner published and made the Defamatory Statements maliciously and with the intention of and for the primary purpose of causing harm to the Plaintiffs and exposing them to hatred, ridicule and contempt, and lowering the reputation of the Plaintiffs in the estimation of right-thinking members of society, all of which has in fact occurred.

32. In making the Defamatory Statements, Warner hoped, in part, to destroy, or at the very least permanently damage, the Plaintiffs' business.

33. Warner's reckless and malicious conduct has directly and negatively impacted the Plaintiffs' ability to deal with Vanbex's employees, and has caused the Plaintiffs to suffer business losses, including but not limited to loss of customers, investors and revenue.

34. As a direct result of Warner's actions, including the publication of the Defamatory Statements, Hobbs and Cheng have suffered and will continue to suffer significant losses and damages, including but not limited to:

- (a) Loss of reputation
- (b) Loss of income
- (c) Legal costs
- (d) Emotional pain and suffering

35. As a direct result of Warner's actions, including the publication of the Defamatory Statements, Vanbex has suffered and will continue to suffer significant losses and damages, including but not limited to:

- (a) Loss of reputation
- (b) Loss of business
- (c) Loss of income
- (d) Legal costs

36. Warner's conduct was reprehensible, high-handed and malicious, and justifies an award of aggravated and/or punitive damages to the Plaintiffs.

37. Injunctive relief is required to prevent further loss and damage to the Plaintiffs, as Warner has shown through his conduct and continued efforts to damage the Plaintiffs' business that he will not cease defaming the Plaintiffs unless enjoined by the court.

Part 2: RELIEF SOUGHT

38. The Plaintiffs claim the following:

- (a) General and special damages
- (b) Aggravated and punitive damages
- (c) Interlocutory and permanent injunctions restraining the Defendant from publishing the same or similar defamatory statements by any means
- (d) Interest pursuant to the *Court Order Interest Act*, RSBC 1996, c. 79
- (e) Special costs or, in the alternative, costs
- (f) Such further and other relief as this Honourable Court may deem just and appropriate

Part 3: LEGAL BASIS

39. The Defamatory Statements are false and defamatory. They have the effect of lowering the reputation of the Plaintiffs in the estimation of right-thinking members of society.

40. Warner published and made the Defamatory Statements knowing that they were false or, alternatively, with reckless indifference to whether they were true or false, and for the

predominate purpose of harming the Plaintiffs and exposing them to hatred, ridicule and contempt, and causing them to be the subject of unnecessary investigations by the VPD, RCMP and others.

41. Warner published and made the Defamatory Statements maliciously.

42. As a result of Warner's actions, the Plaintiffs have suffered and will continue to suffer loss and damages for which Warner is directly responsible.

43. The Plaintiffs expressly plead and rely upon the common law tort of defamation, the *Libel and Slander Act*, RSBC 1996, c. 263 and the *Court Order Interest Act*, RSBC 1996, c. 79.

Plaintiffs' address for service: Dentons Canada LLP
20th Floor, 250 Howe Street
Vancouver, BC V6C 3R8

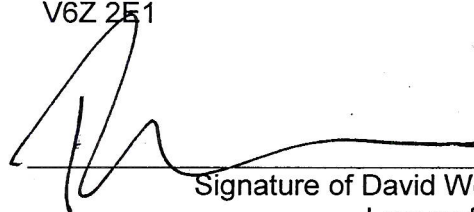
Fax number address for service (if any): 604-683-5214

E-mail address for service (if any): n/a

Place of trial: Vancouver, British Columbia

The address of the registry is: 800 Smithe Street
Vancouver, British Columbia
V6Z 2E1

Date: 1/May/2019



Signature of David Wotherspoon
Lawyer for plaintiffs

Rule 7-1 (1) of the Supreme Court Civil Rules states:

- (1) Unless all parties of record consent or the court otherwise orders, each party of record to an action must, within 35 days after the end of the pleading period,
 - (a) prepare a List of Documents in Form 22 that lists
 - (i) all documents that are or have been in the party's possession or control and that could, if available, be used by any party at trial to prove or disprove a material fact, and
 - (ii) all other documents to which the party intends to refer at trial, and
 - (b) serve the list on all parties of record.

APPENDIX

Part 1: CONCISE SUMMARY OF NATURE OF CLAIM:

The Defendant defamed the Plaintiffs by, among other things, reporting to the Vancouver Police Department, and others, that the Plaintiff, Vanbex, was a shell company when the Defendant knew that to be false.

Part 2: THIS CLAIM ARISES FROM THE FOLLOWING:

A personal injury arising out of:

- a motor vehicle accident
- medical malpractice
- another cause

A dispute concerning:

- contaminated sites
- construction defects
- real property (real estate)
- personal property
- the provision of goods or services or other general commercial matters
- investment losses
- the lending of money
- an employment relationship
- a will or other issues concerning the probate of an estate
- a matter not listed here

Part 3: THIS CLAIM INVOLVES:

- a class action
- maritime law
- aboriginal law

- constitutional law
- conflict of laws
- none of the above
- do not know

Part 4:

Libel and Slander Act, RSBC 1996, c. 263

Court Order Interest Act, RSBC 1996, c. 79