
From: jeffrey E. [jeevacation@gmail.com]
Sent: 8/12/2016 4:15:15 AM
To: Kathy Ruemmler [REDACTED]
Subject: Re: Press: LA Times - Federal jury decides Middle East bank did not defraud Orange County entrepreneur

Importance: High
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Cool

On Thursday, 11 August 2016, Kathy Ruemmler [REDACTED] > wrote:

Begin forwarded message:

From: [REDACTED]
Date: August 11, 2016 at 7:52:12 PM PDT
To: [REDACTED]
Subject: FW: Press: LA Times - Federal jury decides Middle East bank did not defraud Orange County entrepreneur

From: Pizzurro, Frank (LA) <[REDACTED]>
Date: Thursday, Aug 11, 2016, 7:41 PM
To: Dunlavey, Dean (OC) <[REDACTED]>, Schechter, Daniel (CC) <[REDACTED]>, Mohebbi, Nima (LA) <[REDACTED]>, Ruemmler, Kathy (DC) <[REDACTED]>
Cc: #L&W BD PR (US) [REDACTED], Wine, Jamie (NY) <[REDACTED]>, Bruno, Nicole (NY) <[REDACTED]>, Harris, Nicole (CH) <[REDACTED]>, Greenberg, Jeffrey (LA-NY) <[REDACTED]>, Bauer, Steve (SF-BR) <[REDACTED]>, Moore, Wendy (OC) <[REDACTED]>, Jennings, Alex (LA) <[REDACTED]>, Robins, Greg (LA) <[REDACTED]>
Subject: Press: LA Times - Federal jury decides Middle East bank did not defraud Orange County entrepreneur

The LA Times appears to be the first media to report on the verdict. Latham references are highlighted:

BUSINESS

Federal jury decides Middle East bank did not defraud Orange County entrepreneur<<http://fw.to/aXv1QHI>>

[Farooq Bajwa]
Farooq Bajwa

By Andrew Khouri

August 11, 2016

A federal jury decided Thursday that one of the Middle East's most prominent banks did not commit fraud and steal technology from an Irvine firm that sued it for half a billion dollars in damages after their partnership collapsed.

Orange County company InfoSpan had alleged that Emirates NBD ended a partnership for a mobile payment system because it didn't want to share revenue and stole InfoSpan's technology to launch its own service. The Dubai-based bank, in turn, denied it stole or ever used InfoSpan's technology. It argued that it cancelled the partnership because InfoSpan couldn't produce a working product and misled it into thinking it was an established company, not one with little to no track record.

After deliberating for a day, the jury unanimously decided that InfoSpan did not prove its case of fraud and theft of trade secrets.

InfoSpan had asked for \$540 million in damages. An attorney for InfoSpan declined to comment on the possibility of an appeal.

The verdict capped a two-week trial that involved dueling accusations of fraud levied by high-profile attorneys on both sides, including the former White House counsel to President Obama.

At the center of the high-stakes battle was San Juan Capistrano resident and entrepreneur Farooq Bajwa and a mobile payment system that he said would allow migrant workers in the Middle East to send remittances back home through text messages.

Bajwa contended that InfoSpan, with support from outside investors, spent \$87 million developing the business and technology.

To launch the system, known as SpanCash, Bajwa partnered in 2007 with Emirates Bank, which is controlled by the United Arab Emirates' sovereign wealth fund.

It seemed the ideal collaboration for the Pakistani immigrant, who earned millions operating another Irvine company that manufactured computer components in the 1980s and 1990s.

The Gulf States rely heavily on migrants to work construction and other low-wage jobs, offering a ready-made market for SpanCash. InfoSpan aimed to allow migrants to transfer money back home far more cheaply than Western Union or hawala, a traditional Middle Eastern broker-to-broker money transfer system.

A study from McKinsey & Co., cited in court records, projected annual revenue of \$3.5 billion by the deal's fifth year, with InfoSpan receiving more than \$2.8 billion in fees.

But the relationship between InfoSpan and Emirates Bank soured and the bank cancelled the deal in 2009.

A few days later, Emirates filed a criminal complaint in Dubai against Bajwa and a partner alleging that they defrauded the bank and misrepresented InfoSpan as an established business with a working technology.

Two years later, InfoSpan sued in U.S. District Court in Santa Ana and alleged that its technology was working and that it delivered its source code to the bank on servers. Emirates ended the deal, InfoSpan said, to launch its own mobile payment system after stealing InfoSpan's technology.

In court, an attorney for InfoSpan argued that Emirates torpedoed the InfoSpan relationship because it abhorred how much money it would have to share with the Irvine firm.

"They wanted SpanCash and they wanted the money," attorney William A. Isaacson said in his closing arguments Wednesday.

Isaacson – a partner with powerhouse law firm Boies Schiller & Flexner, chaired by high-profile litigator David Boies – argued that the bank resorted to "pure extortion" in an attempt to get its way.

As a result of the bank's criminal complaint, InfoSpan alleged Bajwa's partner, Larry Scudder, was detained at the Dubai International Airport and taken to a cell where he was locked in with 30 other men for 19 hours until he secured his release by turning over his passport.

According to the lawsuit, Bajwa tried to resolve the situation but was told Scudder's passport would be released and he could leave the country only if InfoSpan gave up ownership and control of SpanCash to the bank.

Six months later, the bank withdrew the fraud accusations and Scudder got his passport back, but SpanCash's reputation was tarnished and it collapsed, Bajwa previously told The Times.

The bank disputed that it acquired InfoSpan's source code or used it at any time.

Former White House counsel and an attorney for the bank, Kathryn Ruemmler, said that Emirates never would have acquired source code in a joint-partnership deal like the one reached with InfoSpan. She said such technology would instead be held by a third-party escrow company for the length of the partnership. In her closing arguments, the partner with global firm Latham & Watkins told the jury that Bajwa and InfoSpan sold the bank a "bill of goods," arguing that despite promises to Emirates, the technology never worked and InfoSpan wasn't as big a company as it claimed.

The bank cancelled the deal and filed a criminal complaint, not as a form of extortion but simply to regain the bank's money after it was misled and doubts grew about the character of InfoSpan's employees, Ruemmler told the jury.

"They concluded, definitively, that they had been defrauded," she said.

Lubna Qassim, group general counsel for Emirates Bank, said in a statement after the verdict that "Emirates Bank is gratified by today's decision and the opportunity to receive a fair trial in U.S. courts."

Bajwa said the trial has taken a toll on him and he doesn't know his next steps.

"I am just beat up," he said.

Phil Hirschhorn contributed to this report.

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Latham & Watkins LLP

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