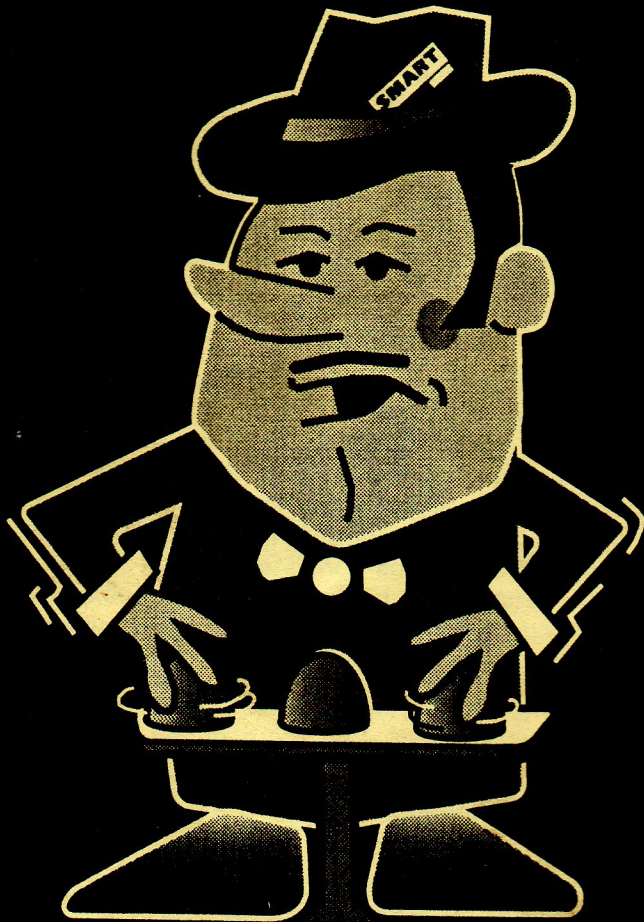


THE SHELL GAME



A GAME OF DECEPTION

A litany of deception, lies, intimidation and
cover-ups all substantiated by
incontrovertible documentary evidence

Many people fondly recall the famous advertising slogan:

"YOU CAN BE SURE OF SHELL"

It reflected a deserved reputation built over many decades. How times have changed. Although millions of pounds are being spent trying to restore Shell's reputation following recent PR disasters, these efforts seem doomed to founder because of the flagrant misdeeds of Shell UK.

My name is Alfred Donovan. I am an 81-year-old war veteran and joint founder with my son, John, of a promotions agency, Don Marketing (DM) which has had a long and mutually successful relationship with the Royal Dutch Shell Group. For almost two decades, DM devised some of the most memorable blockbuster promotions that Shell has ever conducted. For example, our award winning Shell "Make Money" promotion achieved spectacular success in the UK, Ireland, and Singapore. We were immensely proud of our close working relationship with Shell. Although a relatively small agency, we built a world-wide reputation for secure, highly creative promotions.

The relationship ended in acrimony because of the unscrupulous conduct of a Shell UK manager, Mr Andrew Lazenby. His misdeeds led DM to bring a series of claims against Shell on legal and moral grounds after we had caught him red-handed, clandestinely producing a promotion devised by DM. Shell has already settled three claims in DM's favour, all involving allegations of misuse of confidential information and/or breach of contract by Mr Lazenby. Shell UK has consistently tried to cover-up the repercussions that have arisen from his incompetence, inexperience, and cavalier disregard of all ethical norms. Even worse, in a display of breathtaking arrogance, Shell has broken every agreement made with us regarding these matters.

Let me tell you briefly about the three claims Shell has already settled. The first legal action was in respect of a proposal DM put to Mr Lazenby to rerun the Make Money game. Despite the fact that we supplied him with a copy of a joint rights agreement to Make Money, Mr Lazenby clandestinely produced the promotion. Unfortunately for him, my son discovered what was going on. Mr Lazenby and Shell's lawyers initially tried to deceive us on the matter. Their deception forced us to issue a High Court Writ. Both sides agreed to try to negotiate a settlement. The discussions ended with Shell issuing a ten-minute ultimatum for DM to accept a £60,000 offer, or they would switch to another promotion already in an advanced stage of preparation. We foolishly accepted the offer only to subsequently discover that the back-up promotion was based on another of our proposals – a movie themed loyalty scheme.

The second claim was in respect of a Nintendo themed promotion. DM disclosed its proposal in strictest confidence to only two people on the planet. Mr Lazenby and Mr David Patton of Nintendo. They both subsequently got together through an intermediary agency to clandestinely produce a promotional game that Mr Lazenby has admitted was insecure. He let the promotion run for its full promotional period despite knowing on the day it was launched, that prizes could be picked out before the game pieces were issued to drivers. DM wrote to Mr David Varney seeking his intervention in respect of the Nintendo affair. Mr Varney replied saying that he had personally carried out an investigation and had established that Mr Lazenby had no involvement in the Nintendo project. His letter turned out to be a pack of lies. He had not carried out a personal investigation. Mr Lazenby was the key Shell manager in the Nintendo project. Mr Varney had not even written the letter. Mr Lazenby and his immediate boss, Mr David Watson, had drafted it.

DM had also put the movie themed loyalty proposal to Mr Lazenby. Again, without DM's knowledge, and whilst still encouraging my son to disclose further ideas, he secretly produced a near identical scheme. This led to the third claim which Shell eventually settled in DM's favour.

A further illustration of Mr Lazenby's lack of principles was provided by his actions in respect of a MegaMatch multipartner promotion that we disclosed to him in strictest confidence. DM subsequently received a letter from him whereby he casually mentioned that he had been speaking to a variety of potential partners for the scheme. He had done so without our knowledge or authority. DM still does not know to whom he disclosed the idea or on what basis.

My son has now brought a FOURTH claim against Shell, this time in respect of the SMART multipartner loyalty scheme. Once again, it involves the same key Shell UK manager, Mr Lazenby. During a recorded telephone discussion with my son in June 1993, Mr Lazenby admitted that he had no idea what "confidentiality" means. This was just a few months after he had passed the key elements of our multipartner loyalty card scheme to another agency, which produced Shell SMART, the forerunner of numerous "SMART" and "BONUS" card schemes that Shell has now launched around the world. Shell has admitted that the schemes are modelled on the UK concept. My son has provided overwhelming evidence in support of his multimillion pound SMART claim, including an independent expert opinion from Professor Steve Worthington, who is probably the world's leading expert on loyalty card schemes. The Professor has concluded that the SMART multipartner scheme is based on Don Marketing's proposal to Shell – a proposal on which Shell sought and obtained an option from DM. Shell has been unable to provide evidence of a SMART "blueprint" proposal from any other source.

DM now knows, as a result of documents released under the discovery process, that the farcical situation existed at one stage, that while DM was pursuing one claim against Shell, Mr Lazenby was busy secretly stealing three more DM concepts, including the multibrand SMART scheme.

SINISTER EVENTS

Events have recently taken a decidedly sinister turn with Shell using underhand tactics which cannot possibly be compatible with Shell's much vaunted code-of-business ethics, pledging honesty, integrity and openness in all of its dealings.

During a matter of a few weeks, a number of sinister events occurred. Our lawyers received a call from a Mr Daniel Wilson claiming to represent the Daily Express newspaper. "Mr Wilson" asked a number of questions about my son's SMART claim against Shell. Subsequent investigations revealed that the telephone number Mr Wilson gave did not exist and the Daily Express had never heard of him.

Our lawyers were also contacted by a "Mr Charles Hoots", who said that he was from "The European". He subsequently introduced himself on the same basis to my son and a number of DM witnesses, saying that he intended to write a story about the SMART claim. He even travelled over from Paris to spend several hours interviewing my son. He paid for a £90 lunch. Mr Hoots had clearly invested several hundred pounds on the project. However, the Editor of The European subsequently informed my son that Mr Hoots was not working for her paper. She knew nothing about the story. He never contacted Shell to seek their side of the story. The activities of the 6ft 5" "Mr Hoots", who sounds like a character from a James Bond movie, remain a mystery.

Just a few days after his visit, a "Mr Christopher Phillips", visited our offices and made clandestine enquiries about us. He was caught in the act of checking mail in private post boxes inside our offices. Shell UK has admitted its connection with Mr Phillips. By co-incidence or otherwise, within days of his "cloak and dagger" mission, threats were made against us and potential witnesses, if my son continued with his multimillion pounds litigation against Shell in respect of the SMART multipartner loyalty scheme. Shell UK has admitted that it has carried out an internal investigation at Shell-Mex House to try to identify the person who made the threats. My son has accepted their assurance that Shell has no association with the threats.

In all of the years these "David and Goliath" battles have been raging, only one Shell Director has acted to uphold Shell's reputation for fair dealing. I refer to the former Chairman of Shell Transport, Mr John Jennings (now Sir John). I pay full tribute to him. He intervened on a number of occasions, most memorably in May 1995 following a meeting that my son and I had with him. Sir John could not have been fairer or kinder. He was very concerned by my contention that Shell UK had acted oppressively against a small trader, including issuing threats to make the litigation "drawn out and difficult".

Several days later, Dr Fay, the Chairman of Shell UK had a nearly two hour meeting with my son. Dr Fay asked that the meeting be on an "off the record" basis. (We later discovered that Dr Fay had in fact taken notes of the meeting and had passed them to a third party). In a follow-up meeting, Dr Fay personally put a unique proposal to my son and I in respect of the two High Court Actions then in progress. He offered us "money or justice". We could not have both - we had to choose one or the other. Without even asking the sum Shell was offering as a settlement, we opted for "justice". Dr Fay said that Shell would pay our legal fees for us to sue them. He guaranteed that there would be no trickery - no "smoke or mirrors". We accepted his offer in good faith. It appears to be the first time in the history of litigation that such an arrangement has been made whereby a public company has paid in advance of a judicial decision, the fees of the party suing it.

The deal had been made under bizarre circumstances. A Shell pressure group that I founded was holding a demonstration outside the gates of Shell-Mex House. The protesters included Shell UK retailers - nearly 15% of Shell retailers had joined the pressure group. Several hundred participated in our "business ethic" surveys about Shell. We published the results in successive monthly whole page notices in the forecourt trade press. The results were devastatingly bad for Shell. 89% of respondents said that they would not recommend any petrol retailer considering a brand change to switch to Shell. 75% said Shell was unethical. All responses were opened under the supervision of an independent solicitor who provided an Affidavit verifying the results. Shell never took up our challenge to commission and publish the results of independent research, using precisely the same questions and offering respondents GUARANTEED anonymity.

The Funding Deed was very much a commercial transaction and there were strings attached to the deal that was eventually negotiated with Shell, including: -

1. I had to close down the Shell Pressure Group forthwith.
2. I had to discontinue a libel action I had brought against Shell in respect of a press statement Shell had issued in March 1995 making malicious unfounded allegations against me. It is interesting to note that in the press statement, Shell said that it would be breach of its obligations to shareholders if it initiated legal action in which it would lose money even if successful. Thus the funding deal involving payments to DM of £125,000, was in part a consideration in respect of me discontinuing my own libel action against Shell.
3. Don Marketing was instructed not to supply the Advertising Standards Authority with important information about the investigation it was carrying out into the flawed Make Money game. (It was possible for station staff to pick out all of the supposedly hidden prizes before they were given to drivers.) In other words, Shell deliberately obstructed an official investigation. This was the second promotional game produced by Mr Lazenby that had security flaws. Again, it was allowed to run for its full promotional period despite the fact that Shell knew from the outset that it was flawed. DM had demonstrated this to Shell in the presence of several lawyers. Shell had entered into a cover-up agreement with DM to keep secret from its shareholders and the public the fact that Shell was conducting a seriously defective promotion.

We stood by the funding deed. Shell did not. We were unaware that the Shell lawyers handling our claims against Shell were totally against the funding deed from the outset. Mr Richard Wiseman, the Legal Director of Shell UK, had described the deed as being "bananas". Unfortunately, the very same lawyers were also given the task of releasing funds under the terms of the deed on a staged basis, to pay DM's legal fees. The temptation of having a dual responsibility was too much. They attempted to restrain and manipulate the way we were able to pursue the litigation. Subsequently, under a false pretext and contrary to the terms of the Deed, Shell's lawyers notified us that the agreement was at an end and refused to release further funds. They offered one way out. To accept their proposal to put the disputes to mediation. Their cynical manoeuvre was tantamount to blackmail.

Under the circumstances, we had little option but to accept mediation, which at least had the attraction of resolving the two legal claims at an earlier date than would otherwise be possible. Fortunately, the mediation proved to be successful. DM even received an unsolicited letter of apology in October 1996 from Dr Fay, the Chairman of Shell UK, admitting that Shell had not abided by Shell's own Standards of General Business Practices.

The current situation is that Shell has brought a Counterclaim against me for £100,000 partly because I gave an "open letter" to Mr Mark Moody-Stuart at the Shell Transport AGM in May 1998. (Mr Moody-Stuart has been involved in these matters for a number of years.) DM's solicitors have correctly described the Counterclaim against me as being petty and vindictive. I resigned from being a Director of DM last month, but I am still a Shell shareholder. I have just parted company with my legal advisors. I now represent myself and speak for myself. I fought the Japanese in Burma and with the help of my grandchildren, I will fight Shell UK with all the vigour I can muster. Shell must know as a result of the activities of its uncover investigators, that it is in a "no win" situation in which it will "lose money even if successful". Shell is therefore guilty, according to its own press statement, of being in breach of its obligations to shareholders.

Shell may try to stop me circulating this booklet at Shell offices. I am prepared for that eventuality and if necessary, I am willing to go to great lengths to continue. Shell will have to calculate whether they wish to risk another PR disaster if I happen to expire under adverse circumstances.

The bottom line is that Shell is trying to defend the indefensible. You only have to listen to the extracts of the recorded conversations between my son and Mr Lazenby on DM's website (www.don-marketing.com) to realise that DM was faced with a completely unscrupulous individual. It is not just what he said. It is the way that he said it. Shell UK appointed him to the post of National Promotions Manager and must accept responsibility for ALL of his actions. Mr Lazenby's conduct in stealing other people's intellectual property (and not just from DM), could not have flourished without the support of his managers and Shell's legal advisors. The website also provides documentary evidence of Shell UK's misdeeds. The fact that Shell has not taken libel action against DM, even though the information has been published on the website for many months, speaks volumes. Shell knows that DM can prove everything it says.

I had hoped that Shell senior management would honour its pledges to uphold the Statement of General Business Principles published by Royal Dutch/Shell Group, but they have failed to do so. Unfortunately DM has discovered that the STATEMENT is not regarded by Shell as being legally binding. Furthermore, Shell has no formal system for monitoring alleged breaches. These facts have been confirmed to DM by Mr Richard Wiseman. Apparently there is not even any laid down procedure for dealing with complaints. In other words, the STATEMENT is a sham in its current form and is also misleading as it encourages my fellow Shell shareholders and the wider public to believe that Shell insists that all of its dealings are conducted with honesty, openness and integrity. My dealings with Shell prove that this is untrue. The litany of lies, deceit, threats, cover-ups and outright sleazy conduct that has been visited on my family and I, by Shell UK Limited, is a disgrace to the Royal Dutch Shell Group.

