

From: Sparrowgrove, David J

Reviewer

Sent: Tuesday, September 11, 2012 12:50 PM

To: Martin, Valerie J

Cc: [redacted] Martinec, John B; Travers, Ricki L; Vlsintainer, Jan L; Cory, John R

Subject: Conversion of Benghazi Guards to PSA

Hi Valerie,

Dave Sparrowgrove writing from DS/OPO. Our office funds the Local Guard Programs at Embassies worldwide. The local guard force protecting the US Mission to Benghazi is currently being provided by joint venture contractor named Blue Mountain Group UK (BMG). To make a long story short, the two partners in this joint venture have been in dispute for some time. We received a letter yesterday from the Libyan partner stating that the two partners have dissolved their relationship. The other side of the partnership, Blue Mountain Group (BMG)UK runs all the operations in Benghazi. The dissolution of the partnership leaves BMG without a security license to operate in Libya and the Libyan partner has no capacity to manage the guards or the contract. As a result, we feel the best course of action is to terminate the contract in short order. I would estimate our time frame to be two to three weeks. (Jan V. please correct me if I'm wrong).

In the past, similar situations have left the RSO with no option but to convert the existing contract guards to embassy employees. There are currently approximately 20 guards that would have to be brought on as employees. Give the necessity for a seamless security transition and the urgent and compelling circumstances of this situation, we are seeking your office's support in a rapid conversion of the Benghazi contract guards to PSAs. As I mentioned, DS/OPO has had to do this before when contractors have failed to live up to the terms and conditions of the contract. Since Tripoli has a PSA guard force, all the position descriptions are on the books there in Tripoli. The idea would be to convert the Benghazi guards to the Tripoli FSN equivalent.

I have spoken with John Martinec and [redacted] about the situation so they are aware of the impending termination of the contract. I know this is a lot to digest, so I tried to call your cell phone but was unable make contact. Please feel free to contact me on my Mobile. I'm currently in Sanaa so the time zones are one hour apart. Please let me know if you have any questions. I've CC'd OPO Branch Chief Ricki Travers who has had the unfortunate pleasure of dealing with these types of emergency situations in the past.

I look forward to working with you and please let me know if you have any questions,

Dave

SED IN PART B6

9 September, 2012

Ms. Jan Visintainer
US Department of State
1801 North Lynn St.
Rosslyn VA 22091

Re: Contract SAQMMA12C0092 US Mission Benghazi

Dear Ms. Visintainer,

I refer to your letter to my clients, XPAND Corporation, dated 10 July 2012.

This letter is to inform you that my clients have asserted that Blue Mountain UK ("BMUK") have violated a settlement agreement signed with them on 16 August 2012, and therefore my clients, who are the legal owners of the security license being used by BMUK to carry out the contract with the US mission Benghazi, hereby bar and prohibit BMUK from utilizing such license. Accordingly, we kindly inform you that any use of such license by BMUK in Libya shall be illegal and a clear violation of Libyan laws. We therefore request that the US mission ceases any dealings with BMUK if such dealings are based on any form of reliance on such security license.

Furthermore, we hereby kindly request that you take the following immediate action

1. Follow through with your assertions in your letter about the integrity of the 50/50 partnership by immediately ceasing all payments to any entity other than the designated joint account of the 50/50 partnership inside Libya, namely the bank account of Blue Mountain Libya.
2. Make all future payments under the contract to this joint account of the two partners of the 50/50 partnership that you refer to.
3. Provide an accounting statement of all previous payments made to the private bank account of BMUK under this contract.

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This letter shall be deemed as a formal notification of your goodselves of the intractable status of the dispute with BMUK, and of the illegality of any form of use of the said security license of my clients by BMUK.

Sincerely,

[Redacted signature box]

cc:

[Redacted email address]

Messrs. Laytons, Solicitors, UK

From: Visintainer, Jan L
Sent: Tuesday, September 11, 2012 12:15 PM
To: [Redacted]
Cc: Sparrowgrove, David J; Cory, John R; Neal, Jerry E; Travers, Ricki L
Subject: RE: SAQMMA12C0092 US Mission Benghazi

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Thank you for your message.

If we do not get an opportunity to discuss this matter over the telephone, please provide me a written response as to Blue Mountain UK position to the letter. In addition, what is Blue Mountain's position relating to operations in support of the Benghazi contract under a valid license? Please provide the requested response by 12:00 pm EDT on Wednesday, September 12, 2012.

Thank you in advance for your assistance with this request.

Best Regards,
Jan

REVIEW AUTHORITY: Clarke Ellis, Senior Reviewer

From: [Redacted] [mailto:[Redacted]@bluemountaingroup.co.uk]
Sent: Tuesday, September 11, 2012 10:07 AM
To: Visintainer, Jan L
Cc: Sparrowgrove, David J; Cory, John R; Neal, Jerry E
Subject: RE: SAQMMA12C0092 US Mission Benghazi

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Apologies for the delay, only today back in the office from travelling.

I have never ever experienced anything like this in business before. The agreement was signed and we were to operate under the BML licence and confirmation of this was due through from the partners. However, they have had a change of mind and now this.

I will call you very shortly.

Best regards,

[Redacted signature box]

THIS AGREEMENT dated 16 August 2012

BETWEEN

REVIEW AUTHORITY: Clarke Ellis, S

- (1) **XPAND** an offshore Company organising and existing under the Laws of Lebanon whose address is temporarily at Nabulsi and Associates PO Box 35116 Amman, 11180 Jordon ("Xpand");
- (2) **BLUE MOUNTAIN SECURITY SOLUTIONS LIMITED** a Company registered in England and Wales with registration number 03722107 and situated at Brodie Farm, LLangain, Carmarthen, Carmarthenshire, Wales, United Kingdom ("BMUK").

The parties have agreed to conclude their commercial relationship entered into pursuant to the Shareholders' Agreement between them dated the 23rd March 2012 ("Shareholders' Agreement"). This Agreement sets out the terms of the termination of their relationship and the settlement of their claims again one and other.

1. In consideration of the payments and obligations set out below the parties to this Agreement agree the Shareholders' Agreement is hereby terminated, save for clause 13 of the Shareholders' Agreement which will continue in full force and effect, and the matters referred to within this Agreement are in full and final settlement of all claims that Xpand and BMUK and Blue Mountain Libya for Safety and Security ("BML") may have against one another pursuant to the Shareholders Agreement.

Note: we have the rest of this dissolution agreement as well.