

THE SHELL GAME

A GAME OF DECEPTION



A TRUE STORY OF CORPORATE SLEAZE

Deception, Lies, Dirty Tricks, Threats and a
Multi-Million Pound Cover-up at
the Highest Level of a Major Oil Company

SHELL MANAGEMENT MISDEEDS DELIBERATELY
KEPT SECRET FROM SHAREHOLDERS AT LAST YEARS AGM

Information revealed in this booklet was the subject of a secrecy agreement drafted the day before Shell's AGM last year. It was designed to prevent matters being raised at the AGM which reflected on the competence and ethical conduct of Shell management.

The relevant clause in the secrecy agreement stated as follows:-

"Your client will not raise any questions, points etc., at tomorrow's Shell AGM or any future meeting in connection with your client's relationship with ours, the concept known as Make Money, the concept known as Nintendo, and any other dealings that your client and ours have had (to include his suspected flaw in the Make Money game);"

The prospect of the information being disclosed has subsequently been the subject of numerous threats of legal action by Shell, including a letter from Mr David Varney, the Managing Director of Shell U.K. Ltd., who is personally implicated in these matters. Great efforts have been made by Shell management to maintain the cover-up of their misdeeds, which include deception, falsehoods and gross negligence. As you will discover by reading this booklet, the allegations are having a devastating impact on Shell's reputation.

What price could you put on the reputation of a multinational Goliath which made £4 billion last year and has £8 billion in cash reserves. It must surely be in the billions. So why has Shell not taken legal action? If the allegations were without foundation, they would have done so with relish several months ago.

Their excuse for not defending Shell's reputation is that it would be a breach of its obligation to shareholders if Shell took legal action, as Shell doubts that the defendants would have funds to pay Shell's legal costs if Shell won. This policy would seem to value Shell's reputation at a surprisingly low figure. £50,000? £100,000? What utter nonsense...

The real reason Shell has not taken legal action is because the allegations are true and can be substantiated in open Court. Hence the policy of repeated threats, but no action. Shell did recently issue a 600 word press statement on these matters. It brought the immediate response of a High Court Writ against Shell for libel.

Their mishandling of the situation has resulted in repercussions Shell management never contemplated, including the formation of the pressure group who are the publishers of this booklet.

INTRODUCTION

Many people fondly remember the famous slogan:-

YOU CAN BE SURE OF SHELL

It reflected a reputation built up over many decades. A reputation for honesty, fair dealing and integrity, which the management of Shell U.K. Ltd is fast destroying by their scandalous conduct.

Consider these recent events:-

1). The blaze of adverse publicity for Shell in Northern Ireland because Shell have given a large number of retailers summary notice of termination. Shell is converting the Stations to a company run operation. Irate retailers point out that Shell made no such move while the province was in the grip of the recent "troubles". Now peace has returned, they intend to kick out the people who loyally operated the Stations under the most difficult Conditions. Shell brought to NI the same ruthless approach they have adopted in the rest of the UK. It has left misery in its wake for numerous people who invested time, energy and resources in Shell stations during Shell's experimentation with various forms of licensee arrangement, only to end up having the rug suddenly pulled out from under them.

2). The Advertising Standards Authority is investigating evidence of a cover-up by Shell of a flawed £4 million promotion. Senior managers, including Mr John Jennings, Chairman of Shell Transport & Trading, and Mr David Varney, MD of Shell UK Ltd, are personally involved. It is alleged that Shell deceived their own retailers and the public with a defective product to which Shell has a potential multimillion pounds liability.

3). Shell has been hit by a number of legal actions alleging they stole promotional ideas submitted to them in confidence. Shell has already settled one of the legal actions out of Court. In a related action, a founder of the pressure group has brought libel proceedings against Shell.

4). Shell has been dealt a blow by the astonishing results of our Shell retailer surveys. 75% of Shell retailers who voted in our first survey decided that Shell are unethical, incompetent, and greedy. In our latest survey results published in "Forecourt News" 91% said that Shell management should resign. Several hundred Shell retailers have participated in the surveys. Responses to the surveys have been opened in the presence of an independent solicitor, who has supplied Affidavits attesting to the results.

5). In the past 3 months, over 200 Shell retailers have joined the pressure group i.e. over 10% of Shell's retail network. Other members include Shell shareholders and suppliers.

THE SHELL GAME

To provide an indication of the scale of misconduct by the current management, we have detailed the experience of one of our founding members, Mr John Donovan. It was his dealings with Shell which resulted in the Shell "cover-up" secrecy agreement.

Mr Donovan has provided a promotional games service to Shell since 1981, under the trading name of "Don Marketing". "Don" has been responsible for Shell's most successful game promotions, involving a trouble-free distribution of nearly a billion gamepieces.

In 1992, Don presented a series of speculative proposals on a strictly confidential basis to the then Promotions Manager of Shell UK Ltd., Mr Andrew Lazenby. They included: (1) a proposal to rerun the "Make Money" game which had been spectacularly successful in 1984. (2) A Nintendo themed promotional game. (3) A multibrand game called "Mega Match". (4) The "Hollywood Collection", a motion picture themed promotion.

Don made the Nintendo game proposal after first disclosing the idea to Nintendo (Bandai UK Ltd) on the same confidential basis and obtaining consent from Mr David Patton, a Nintendo Product Manager, to approach Shell. Don advised Mr Lazenby accordingly.

All of the proposals were retained for consideration. Although no immediate action was envisaged regarding Make Money, Don received a fax from Mr Lazenby confirming he would inform them of progress regarding the Nintendo and Hollywood themed promotions. The only immediate movement was in regard to Mega Match. Mr Lazenby gave Don authority to approach Woolworth as a potential partner. When Don did so, they were informed by Woolworth that another agency had just contacted them about the same idea on behalf of Mr Lazenby!

Mr Lazenby subsequently put the Mega Match concept into research. Several weeks later Don received a letter from him advising that due to the delay in obtaining research, there was insufficient time to produce the promotion. What surprised Don most was the paragraph stating that Mr Lazenby had discussed the proposal with other potential partners. Since he had not sought permission, this was a breach of confidence and a further harbinger of what was to follow.

On 18 June 1993, Don was astonished to see that Shell had launched a Nintendo themed game similar in many respects to their proposal. Don then established that Mr Lazenby and Mr Patton had got together via an agency (BDP Ltd), to whom both companies subsequently paid fees to prepare the game which Shell conducted.

When Don confronted them, Shell was not prepared to concede that they had acted improperly. Instead, a letter from Shell threatened that future business prospects would be jeopardised if Don pursued the matter - the first threat made in the disputes.

Don's solicitors subsequently sent Shell a draft Statement of Claim and received a response letter from Shell's Legal Division proposing a meeting "with a view to settling this matter". The meeting did not take place because it became clear that Shell management had a different agenda from that proposed by their legal advisors. Don subsequently supplied Shell with a Joint Opinion from specialist legal Counsel confirming the merits of the claim.

Don was informed in a letter from Shell's Managing Director, Mr David Varney, that he had personally carried out an investigation and as a result, could report that Shell had accepted a fully constructed proposal from BDP for a Shell Nintendo promotion and that Mr Lazenby had NO involvement in the promotion. The implication being that as he was not involved, he could not have stolen the concept proposed by Don.

All of this information was false. Mr Varney had not personally carried out an investigation. The promotion which ran was a collaborative effort between Nintendo and Shell. The design was carried out by Shell's own design agency. Mr Lazenby in fact played a key role in the promotion. Don informed Mr Varney that they had evidence to this effect, but he ignored the opportunity to put the record straight and has done so ever since. Don now has written evidence from BDP confirming evidence they already had. All in all, Mr Varney's letter could hardly have been more dishonest. The promotion was instigated and orchestrated by Mr Patton and Mr Lazenby, the only two persons on the entire planet to whom Don had disclosed their proposal.

Two Shell managers, Mr Lazenby and Mr Watson have both stated on the record that Nintendo is really the guilty party and that Don should be suing them, not Shell. Those comments speak volumes. But Nintendo could not have cut Don out without Shell's complicity. Based on legal advice, Don is currently pursuing Shell.

During discussions with Mr Lazenby, comments were made about the Make Money game which aroused Mr Donovan's suspicion that further improper conduct was afoot. Don supplied Shell with a copy of a letter from Shell confirming they held joint rights with Shell to Make Money. Don eventually asked Mr Lazenby outright if a Make Money game was being produced. Mr Lazenby categorically denied it.

Suspecting that he was not telling the truth, Don established through a third party that a Make Money game was well into production. Their solicitors wrote to Shell to check again. The response letter from Shell's lawyers led Don to question whether their own information was wrong. Consequently, they double checked and established that Shell was definitely deceiving them.

As a result, Don issued a Writ alleging breach of contract regarding the Joint Rights agreement. Shell subsequently paid them £60,000 as an out of Court settlement prior to launching the game in May 1994. Don accepted the offer only after Shell's Solicitors, Mackrell Turner Garrett had given a 10 minute ultimatum threatening that Shell would otherwise switch to an alternative promotion, already at an advanced stage of production. Ironically, the alternative promotion subsequently turned out to be a near identical copy of Don's Hollywood Collection proposal.

A few weeks later Shell launched the Make Money game. Don was astonished yet again, as the game was insecure to the extent that potentially, staff at participating sites could pick out all of the winning envelopes. Don notified Mr John Jennings and Mr Varney and subsequently demonstrated the insecurity of the game in the presence of Don's own solicitor, at a meeting attended by Shell Retail, Shell Legal Division, and by Mackrell Turner Garrett. Don did not disclose the precise nature of the flaws.

At the same time, Shell accepted in principal Don's proposal to refer the Nintendo dispute to mediation. However, before agreeing, they insisted that Mr Donovan, a Shell shareholder, did not raise the matters at Shell's AGM being held on 19 May - hence the secrecy agreement already mentioned. Consequently, Mr Donovan was unable to raise matters of potential concern to fellow shareholders.

Don was subsequently astounded when Shell continued with Make Money although aware at the very highest level of management that it was seriously flawed. However, because of the secrecy agreement, they could not make the matter public. Nevertheless, because of their concern they offered to show Shell precisely what the flaws were. A written response was received saying that Shell could see no advantage in knowing. In other words, Shell management preferred to turn a blind eye. They did not give a fig about the possible consequences for their own retailers or the public. As already indicated, Shell's conduct in regard to Make Money is currently being investigated by the Advertising Standards Authority. Shell has a potential multimillion pounds liability to Shell retailers who innocently purchased a product which Shell knew was defective.

It was a requirement of the Nintendo mediation that the dispute be referred to mediation "forthwith", with both sides pledged to act in good faith. However, some 4 months later, despite the recommendation of their own solicitors to settle the dispute the decision not to compromise the action was made by a Shell manager who did not even bother to attend the mediation. Indeed, contrary to the terms of the mediation, no one from Shell retail attended. It is notable that the mediator, who also recommended that Shell should settle, declined to accept a fee for his services. He is a senior Shell manager based in Rotterdam. It was clear that Shell had hoodwinked Don into the mediation so as to gag them while the flawed Make Money promotion was still in progress.

In July 1994, Shell launched a motion picture themed promotion bearing a remarkable resemblance to Don's Hollywood Collection proposal. By this time, Don had become used to Shell's conduct and their reaction was one of bemusement rather than astonishment. Don subsequently issued a further Writ against Shell.

It is important to note that if Shell had rejected Don's Nintendo or Hollywood Collection proposals, Don could have offered them elsewhere. Don did not do so because of the positive reception and subsequent communication received from Shell who had retained the proposals for research and development. Since Don contacted Shell every month to check on any progress, it is now clear that Shell was producing a rip-off of the Nintendo proposal while at the same time keeping Don on the hook. Treacherous conduct to say the least.

Don Marketing has repeatedly suggested that the disputes be put to independent binding arbitration. They made it perfectly clear that they preferred for the matters to be resolved in private. But Shell management preferred to ignore the advice of their own lawyers and instead, rely on legal tactics in the hope of preventing the cases every coming before the Courts.

Because of the publicity in the trade press arising from the legal actions, which has resulted in over 25 articles, including several front page stories, Don was contacted by Shell retailers and suppliers who told them some very sorry tales about their experience of Shell's unethical business practices.

Here are quotes from written comments received from four of them:-

"Extremely bad company"

"I believe the current regime is totally immoral"

"We have serious concerns about Shell's ethical conduct"

"The fickle nature and lack of honour within our negotiations were a shock to ourselves coming from a large company as Shell obviously is... We would hope this letter may help you and serve as a warning to others contemplating any form of activity with this company".

Don was also contacted by another promotions agency who claimed to have had a strikingly similar experience at the hands of Mr Lazenby in regard to the current Shell Smart promotion. The relevant agency has supplied a written statement confirming what occurred and may well take legal action against Shell themselves.

As a result of the overwhelming interest, the Shell pressure group was founded. Our rapidly expanding membership includes Shell retailers, suppliers and shareholders, including a public company.

SHELL RETAILER SURVEYS: The pressure group has undertaken a series of Shell retailer surveys and publish the results in whole page adverts taken every month in the forecourt trade press. The surveys have exposed the contempt in which Shell management is held by the vast majority of their own retailers. They provide a damning indictment of current Shell policies. A reduced size copy of the most recent advert is printed overleaf. Our adverts in July will announce further staggeringly bad results for Shell management, confirming that they are an inept, arrogant, unprincipled regime, who treat their own retailers oppressively.

PUBLIC PROTESTS: Some of our members, including a delegation of Northern Ireland Shell retailers, recently staged protests outside Shell-Mex House and the Shell Centre and distributed leaflets to Shell employees. It soon became apparent that they are just as disenchanting with Shell management as our members. In one memorable comment, a Shell employee said: "Shell management are about as popular around here as a fart in a crowded lift".

MEDIA INTEREST: As Shell is aware, we have recently facilitated reports about Shell's business practices which have been featured in two BBC TV programmes. We are also providing information to the national press and an investigative TV programme.

At the moment Shell UK's tactics against small businesses daring to challenge their unethical business practices through the Courts are reprehensible. They ruthlessly exploit the legal process to wipe out the finances of the opponent. In the case of Don Marketing, they have carried out their lawyers written threat over a year ago to make the proceedings "drawn out and difficult".

The pressure group intend to apply sustained pressure for Shell to offer all small businesses trading with them the option of independent binding arbitration when disputes cannot be resolved amicably. When this goal is achieved, Shell will no longer be able to use the cost of litigation and the might of their resources to frustrate justice. We are not anti-Shell, but believe that the conduct of the current regime is not in Shell's long term interest.

We recognise that shareholders want Shell to make high profits. But do you wish them to do so at any cost? If you support our call for Shell management to treat small businesses fairly, please join our pressure group. Membership is free. Your name and address details will be treated in strictest confidence. We will then keep you up to date on progress. Simply contact us at the address opposite.

Our name arises from an article in the September 94 issue of the "Chairman's Bulletin" sent to Shell shareholders which claimed a culture of "corporate conscience" at Shell. If the assessment of their own retailers is anything to go by, the reality is that Shell management has no heart, no shame and no conscience.

SHELL SHOCK NEW POLL RESULTS

Here are the response analysis results expressed in percentage terms for two questions put to over 1,400 Shell retailers in our latest survey.

89% *Said they would not recommend any petrol retailer considering a brand change to switch to Shell

91% *Said that Shell's management should resign

We challenge Shell to commission and publish the results of independent research using precisely the same questions and offering respondents **GUARANTEED** anonymity.

*The relevant full questions put to Shell retailers which respondents answered on a "YES" or "NO" basis, were (1) Would you recommend any petrol retailer considering a brand change, to switch to Shell? (2) Given the recent SCCPG survey results, should Shell's discredited management resign and a fairer, more considerate policy to Shell retailers be introduced? The responses were opened in the presence of an independent solicitor who has supplied an Affidavit verifying the results. Several hundred Shell stations have participated in our survey's. Over 200 Shell retailers are members of the SCCPG i.e. over 10% of Shell's entire retail network. Further survey results will be published next month.

QUESTIONS TO RAISE AT SHELL'S AGM

Here are some questions which we hope Shell shareholders will raise at the AGM. If you hear some one else raise one of them, move on to the next.

- 1) Was the sum of £564,000 paid to the Chairman, Mr John Jennings, in 1994, his TOTAL income from the Royal Dutch/Shell Group.

Follow-up Question

In connection with Mr Jennings duties of care and skill as a Director of Shell Transport, is it true that he was notified in writing on the day after the 1994 Make Money game was launched, that it was seriously flawed. If so, what action did he take?

- 2) With regard to the resolution to re-elect Sir Antony Ackland as a Director, is it true that he, Mr Jennings and Mr David Varney, were all sent advance copies of the pressure group booklet distributed to shareholders outside the Conference Hall. If so, what response do they have to the information in the booklet? Members may wish to have Sir Antony's response before voting of his re-election.

Follow-up Questions

Has Shell commissioned any independent research to determine if the shocking results of the pressure group surveys do genuinely reflect the opinion of Shell retailers?

i.e. according to their surveys 75% of retailers polled said that Shell is unethical and incompetent, and that 91% would like to see the current management of Shell UK Ltd resign.

If the allegations in the booklet are untrue, why has not legal action been taken to stop the allegations being repeated, given that Shell's reputation is obviously being badly damaged.

- 3) What steps have been taken to investigate the allegations.
- 4) With regard to the litigation section in the Annual Report, has provision been made for the potential liability of the numerous legal actions being pursued against Shell UK Ltd and the multimillion pounds defective product liability in respect of the flawed Make Money promotion?

10 November 1994

Shell

Shell: sorry you're fooled

Don issues writ number four to embattled Shell

Shell UK has been hit by a fourth writ from sales-promotion agency Don Marketing. The legal proceedings accuse Shell of leaking a secret promotion chalking the "Make Money" scheme, which ran through the summer.

At the same time, Shell's invest-

ments remain a mystery and whether or not the allegations are proved also remains to be seen but, whatever the outcome, the case will highlight a concern which, although always close at hand, is usually mentioned in the "fine print" between you and me' or 'off the record'.

The obvious reason for this hushed confidentiality is the difficulty in proving that a promotional concept has a specific ownership. It is impossible to claim ownership of an intellectual property, which is what a promotional concept is, until the concept is first reduced to paper as text and successive

clear were not in the same way as the other

The protracted legal wranglings between promotions specialist Don Marketing and Shell UK have prompted Alfred Marking, father of Don John Donovon, to form the Pressure Corporate Commission changing Shell's "lack of interest in settling disputes amicably" and the way in which the company controls the flow of information to the people it

The move is an attempt to bring together other interested parties, such as shareholders and consumers, to pressure the



Don Marketing's managing director, John Donovon.

year's letter, explaining Don Marketing's current legal position and elaborating on the letter is intended for decision who have replied to the questionnaire, and a copy has been sent to Shell which, according to Mr Donovon, has "not replied" (on January 26) to comment on its accuracy. It states that forensic staff should "identify the hidden prizes on a large proportion of the [Nintendo] game 'Turtles', but that although this had been pointed out to Shell promotions manager Andrew Lazenby

SHELL STOLE INTELLECTUAL PROPERTY, ALLEGES
SHELL UK OIL is being sued for over £350,000 damages for alleged use of promotional ideas without permission or, in some cases, payment. In a writ issued at the end of September, Bury St Edmunds-based ip consultancy Don Marketing accuses Shell of repeatedly using ideas put to it speculatively and in confidence. Don cites Shell's July '94 "Now Showing" promo and a Nintendo promo in 1993 - the latter the subject of a previous writ served last April and settled out of court by Shell for "a substantial sum". (Don's managing director John Donovon, told Briefing that a third writ was issued on 20 October and that court action is also pending. Doovon claims the writ against national promotions manager Andrew Lazenby and the company and that the writ is also pending.)

DECEPTION, LIES, DIRTY TRICKS, THREATS AND A MULTI-MILLION POUND COVER-UP AT THE HIGHEST LEVEL OF A MAJOR OIL COMPANY

MY EPIC BATTLE WITH AN UNSCRUPULOUS OIL GIANT



Shell, denies claims it has repeatedly used ideas put to it speculatively, and says: "There is no case against us"

Shell struck by writ

By Alex Brandy
A sales promotion company is suing Shell UK for over £350,000

speculatively and in confidence. Don claims that Shell took its promo-... or arbitration. The claim involves...

FOR

A Business Publication
'Shell knew of flaws in Make Money'
Shell was made aware of the major flaws in the Make Money promotion, but some doubt as to its say-... allegations. John... of Don Marketing... the agency in the course of a... despite one active promotional...
Comments say that when Shell... mentioned that Make Money was... he promised that the company... with evidence that the game... new format and open to which... by cashiers, evidence which... they have been joined the com-...
pany accepted.
The writer alleged with the... general, although Shell denies... in a letter to Donovon, and... (Shell) has decided they do... not want to take the game... The reality of the sit-... nation in Don Marketing's... ing in Shell's by having... Donovon said, "Thug-... have been active in Shell... (Shell), the subject...

9 779875 345691
The claim involves... the Make Money game...