



DECISION WITHOUT MEETING

15 July 2016

Yokohama, Japan

DECISION 4(LI.1)

LEGAL MEASURES RELATED TO ITTO INVESTMENTS

The International Tropical Timber Council,

Noting the liquidation of the LM Managed Performance Fund which led to the write-off of US\$6 million of ITTO investments;

Also noting that the liquidation of the Ardent 365 Fund in April 2016 has resulted in an additional potential loss of up to US\$ 12.2 million and the Organization is now facing an exceptionally complex and rapidly evolving situation;

Recognizing that both investments were made at the advice of the same investment firm, Pinnacle Wealth Management (PWM) through Mr. David Sutton-Kirkby (DSK);

Noting the legal advice received on this matter from a Tokyo based law firm that PWM/DSK may have violated the Japan Financial Instruments and Exchange Act, and may have committed a tortious act in selling the LM Managed Performance Fund to ITTO;

Recognizing that the statute of limitations under Japanese civil law requires the initiation of any legal action to claim damages against PWM/DSK before 20 September 2016;

Also recognizing that out-of-court negotiations have been undertaken by ITTO through its lawyers with PWM/DSK;

Realizing that legal actions are also underway in Barbados and the Cayman Islands to attempt to recover any amount possible from the liquidation of the Ardent 365 Fund;

Decides to:

1. Acknowledge that out-of-court negotiations with PWM/DSK have proven unsuccessful.
2. Authorize the Officer in Charge to initiate legal action against PWM/DSK to claim damages for the lost investment in the LM Managed Performance Fund before the expiry of the statute of limitations under Japanese civil law.
3. Authorize the Officer-in-Charge to utilize an amount not exceeding US\$150,000 from the Working Capital Account to meet the expenses related to any additional legal action in regards to ITTO's investment loss in the LM Managed Performance Fund or Ardent 365 Fund.