

— News Release —

John Halle, of Cate Street Capital, drops libel lawsuit against paper analyst and author of *The Reel Time Report*, Verle Sutton

Chicago, Illinois — May 2, 2016 — As reported recently in the *Bangor Daily News* (April 22, 2016) <http://bangordailynews.com/2016/04/13/business/cate-street-boss-writer-settle-defamation-lawsuit/>, John Halle (CEO of Cate Street Capital) has formally dismissed the libel lawsuit that Cate Street Capital and Halle had initiated against Verle Sutton almost two years ago. This claim of libel had resulted from an article in the May 2014 issue of *The Reel Time Report*, written by Sutton, in which Cate Street Capital and State of Maine officials were strongly criticized for actions they took that related to the Great Northern Paper mills in northern Maine.

Industry Intelligence, the publisher of *Reel Time*, had also been named as a defendant in this lawsuit. Industry Intelligence and John Halle reached a settlement earlier in 2016.

In response to John Halle choosing to end the lawsuit against Sutton, and the Industry Intelligence settlement, Verle Sutton has issued the following statement:

I am grateful to family and friends who have been so supportive during the last two years as we fought through the groundless lawsuit that John Halle and Cate Street Capital initiated against me for authoring "The Maine Problem."

The legal costs incurred during the last two years have been substantial, and the time our family lost was unfortunate. However, our losses pale in comparison to the damage that has been inflicted on the East Millinocket and Millinocket communities and, in fact, on all of northern Maine. These communities and this region were misled by state officials and Cate Street about the viability of the restarted Great Northern Paper mills.

And it was mostly small businesses in Maine that lost more than \$20 million as a result of the bankruptcy of Great Northern Paper that occurred under the watch of John Halle and Cate Street. In addition, tens of millions of Maine taxpayer dollars were wasted by way of Dolby landfill costs, FAME loans, the New Market Tax Credit program, etc.

Although the financial and personal damages to Maine businesses and taxpayers were severe, that was not the case with the finances of Cate Street Capital. It was my opinion, when "The Maine Problem" was published, that Cate Street Capital had assumed little or no financial risk in its Great Northern investment. That opinion has not changed.

Since my family and I do not live or have business activity in Maine, we have no personal stake in Maine business or politics. I am simply a paper analyst. I initially wrote about Great Northern because it was a paper company in a segment of the paper industry covered by The Reel Time Report. However, in reviewing the activities related to the restart of Great Northern, and the subsequent actions of Cate Street and Maine government officials, it became obvious that something was very wrong.

When Halle initiated the libel lawsuit against me, he stated that I had knowingly lied when writing "The Maine Problem." That was absolute nonsense. It is unfortunate, from my perspective, that our legal

system does not allow me to counter-sue Halle and Cate Street based on the accusations in that lawsuit. (Accusations made in a lawsuit are, for some reason, legally considered “protected speech.”)

Although the lawsuit has been dismissed, when you Google my name — Verle Sutton — the Cate Street lawsuit is the first story that comes up at the top of the page. It is clear that the blatantly false accusations made by Halle will never go away. The newspaper story that reported those accusations in May 2014 will forever be my online legacy.

In the lawsuit initiated by Halle, he claimed that roughly 73 lines in “The Maine Problem” were libelous. Later, after I had incurred substantial legal costs, all but 18 of those lines (four statements) were simply dropped from the lawsuit by Halle’s attorney. Therefore, after publicly claiming libel based on 73 lines of the report, he privately dropped 75% of the complaint.

My attorney then filed a Motion for Summary Judgment — principally based on protected opinion. Based on this motion, the judge threw out three of the last four statements, leaving two lines remaining— really, only one word.

The next steps were to be 1) a deposition on the part of John Halle (I had already given my deposition), and 2) another Motion for Summary Judgment (but this motion was to be based on relevant factual evidence).

So, at the time this lawsuit was dismissed by Halle, the only remaining issue was the use of the word “convicted.” John Halle had objected to the use of “convicted,” arguing that the word suggested a criminal offense. (The judge had previously ruled that the word “cheated” was not actionable since a New York court had ruled that Halle was legally responsible for committing civil fraud.)

It is true that “conviction” does, in court proceedings, refer to criminal cases, and had I known of this distinction when “The Maine Problem” was written, I would have used a different word. Nevertheless, it is not an error — much less libel — to use words as they are often used in our society. The fact is that “conviction” is commonly used in public discourse, and occasionally even in the media, to refer to the results of civil cases. (A quick computer search had discovered 40 very interesting examples we were prepared to present had the lawsuit continued, but hundreds of examples could have been located.) In addition, it was clear based on the context of the paragraph in question that I did not intend to imply criminal activity. The next sentence stated, “The \$1 million (that had never been paid) is, after fourteen years, now up to \$2.3 million, according to a New York judge’s ruling.” There was absolutely no reference to criminal penalties, as there would have been had this been a criminal proceeding.

I was, therefore, very disappointed that the insurance company representing Industry Intelligence agreed to a clarification of the word “conviction,” and a sanitized rewriting of the passage in general as part of a settlement agreement. I strongly objected to their settlement, but my concerns were ignored. The insurance company demonstrated a complete absence of ethical conviction. And it was a bad business decision as well.

— end —

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