

Tactics of Israeli Psy-Group, Black Cube Revealed in Canadian Court Battle

Toronto-based investment firm West Face alleges a rival hired both companies to help sway a business dispute

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Two Israeli intelligence gathering firms, Psy-Group and Black Cube, have been at the center of several exposes in recent months. The former pitched a social media manipulation campaign to the Trump campaign in 2016, according to the New York Times. The latter sent its employees to secretly find damaging information on two former Obama White House aides involved in negotiating the Iran nuclear deal, the New Yorker magazine reported. Now, both firms are being sued in Canada in an unrelated case that sheds lights on the firms' cloak and dagger tactics.

A Toronto-based investment firm, West Face Capital Inc., alleges that a rival company called Catalyst

Capital Group Inc. directly or indirectly hired the Israeli companies, both of whom have boasted of their ties to state intelligence agencies, to help sway a business dispute over a 2014 bid for a telecommunications company. The connection was allegedly made through Yossi Tanuri, the director of the Jewish Federations of Canada, who states on his organizational bio page that he was a “commander in an elite unit in the Israeli Defense Forces.”



[Psy Group's Israeli offices.](#) Photo: Orel Cohen

West Face accuses Catalyst and its hired spies and social media experts of defaming the company using shady methods such as sting operations and online disinformation campaigns, according to court documents submitted in December 2017 and May 2018 to the Ontario Superior Court of Justice. West Face is seeking damages of \$550 million with interest, plus the expenses incurred in the legal battle. In 2014, the two investment firms submitted competing bids to acquire Canadian wireless carrier Wind Mobile Corp. West Face, which won the bid with a \$300-million offer, sold the asset less than two years later for \$1.6 billion. Catalyst maintains that West Face engaged in foul play in the lead up to the bid and has turned to the courts for redress. In a 2016 proceeding, an Ontario court ruled against Catalyst and upheld West Face’s acquisition of Wind. The judge in the case, Frank Newbould, who has since retired, became the target of a sting operation by Black Cube, incorporated as B.C. Strategy Ltd. A story by Calcalist in March revealed some details of Black Cube’s sting, which involved sending an employee undercover to secretly record Mr. Newbould. The lawsuit provides additional information about the encounter. The former judge, who was working at that time as a private arbitrator, scheduled a meeting with a Black Cube employee who had posed as a potential client. While secretly recording the conversation, the Black Cube agent tried to prod Mr. Newbould

into making anti-Semitic comments in order to prove his alleged bias against Newton Glassman, a managing partner at Catalyst who is Jewish. The lawsuit alleges that the sting operation was part of a larger effort to gather information for a defamation campaign organized by Black Cube and Psy-Group. According to the claim, Black Cube employees also targeted former and current West Face employees, their families, and other relevant personnel with false job interviews and investment offers, often under conditions intended to lower their inhibitions such as jet lag or alcohol. West Face also claims that Black Cube, Psy-Group, and other defendants in the case provided transcripts of the recorded meeting with Mr. Newbould to reporters working for outlets including Bloomberg News, the Associated Press, and the National Post. One of the defendants named is Emmanuel Rosen, former Israeli journalist and media personality, who was working on behalf of Psy-Group at the time. Mr. Rosen is alleged to have worked with Brooklyn-based public relations professional Virginia Jamieson in order to plant “highly negative media coverage” of Mr. Newbould. West Face said the campaign included defamatory press releases, online blog posts, tweets, and videos against West Face and its executives, using information gathered or manufactured by the Israeli companies and Mr. Rosen, using aliases including “Samantha Beth,” “Alex Walker,” “Jordan Brown,” and “Judge Frank Newbould.” According to the lawsuit, Ms. Jamieson gave National Post journalist Christie Blatchford a USB with the edited recordings of Mr. Newbould. The USB was given to Ms. Jamieson by a Catalyst executive. Ms. Blatchford reported the encounter in a November 2017 article published in The National Post. West Face also claims that Black Cube broke Canadian law by operating in the country without a private investigator license. Similar accusations have been made against the firm in Israel, and the Israel Bureau of Private Investigators filed a complaint with Israeli police in November. The plaintiffs demand that Black Cube and other investigation companies hand over all originals and copies of materials collected in alleged sting operations directed at the plaintiffs. A Black Cube representative declined to be interviewed for this story. The company said in a statement that its policy is “to never discuss its clients with any third party, and to never confirm or deny any speculation made with regard to the company’s work.” “Referencing Black Cube has become an international sport during 2018,” the statement continued. “It is important to note that Black Cube always operates in full compliance of the law in every jurisdiction in which it conducts its work, following legal advice from the world’s leading law firms.” Black Cube’s information gathering tactics have been widely reported over the past year, starting with a report in the New Yorker that the firm spied on women who accuse disgraced Hollywood producer Harvey Weinstein of sexual misconduct. On Wednesday, a grand jury in New York indicted Mr. Weinstein on two counts of rape. West Face claims it has learned of Black Cube’s involvement in its case only after media reports dealing with the affairs of Mr. Weinstein showed pictures and a video of an Israeli Black Cube operative called Stella Penn Pechanac. According to the reports, Ms. Pechanac presented herself as a women rights activist in conversations and meetings with Hollywood actress Rose McGowan and other women who were allegedly sexually harassed by Mr. Weinstein. Ms. Pechanac was identified by West Face employees as one of the people who approached them with false offers, West Face says in the claim. Black Cube was contracted by Mr. Weinstein lawyers and later apologized for its involvement in the case. Black Cube made headlines again last month when it was reported that the company was hired by aides to Mr. Trump to obtain damaging information on foreign policy advisers who were involved in promoting and negotiating the Iran nuclear deal under the Obama administration. The tactics reportedly used by Black Cube included having its employees use fake identities to contact family members of the advisers. In May, the New York Times reported that Joel Zamel, who was described

as an Israeli expert in social media manipulation and the founder of Psy-Group, met with Trump campaign officials ahead of the 2016 election. Mr. Zamel reportedly proposed that his firm carry out a multi-million dollar digital campaign to help elect Donald Trump. According to the New York Times, the meeting was also attended by Erik Prince, the private security contractor and the former head of Blackwater USA, and George Nader, a representative of two princes from Saudi Arabia and the United Arab Emirates. The meeting has attracted the attention of Robert S. Mueller III, the U.S. special counsel who was originally charged with investigating possible cooperation between the Trump campaign and Russia in the presidential election. Investigators have questioned witnesses, including Mr. Zamel and other Israelis, about the meeting and the interactions that followed, according to the Times. Two FBI agents working on the probe reportedly flew to Israel to interview employees of Psy-Group. The special counsel's team has asked the Israeli police to seize Psy-Group's computers, the Times said. According to one person familiar with the matter who spoke to Calcalist on Thursday on condition of anonymity, while U.S. authorities did approach Israeli authorities regarding the company its computers haven't been seized and the company recently received confirmation that no investigation is being conducted against it in the U.S. Incorporated in Israel in 2014 as Invop Ltd., Psy-Group is currently being liquidated. Its parent company, Cyprus-registered Ioco Ltd., is also in receivership. Psy-Group let go of all its employees in February, said Oron Keren, an Israeli lawyer representing the employees who sued over unpaid wages. Mr. Rosen is also one of the plaintiffs represented in the suit. According to the claim, management notified the company's employees that "due to two critical business ventures that proved unsuccessful the company is strapped for cash required to pay its debtors, including February 2018 paychecks, and has come to the end of the road." Court documents further include a layoff notice sent to one of the company's employees on February 28. A pay stub of the specific employee included in the court documents reveals her monthly compensation was on par with wages paid to Israeli tech employees. Hayut Greenberg, the lawyer appointed to oversee Psy-Group's liquidation process, said she has received overtures regarding the acquisition of over 100 Psy-Group computers, but as the computers hold much private information, they cannot be sold. Through its legal representatives in Israel, Sabari-Farkash & Co. Law Firm, West Face has asked to forbid access to the computers to all but a few individuals, and prevent their information from being erased, destroyed, or sold.

"West Face has accumulated, and continues to accumulate, a large body of evidence about the campaign of defamation and intimidation against it, and has to date identified over a dozen individuals involved in this campaign," West Face said through its legal representatives in Israel. "These include employees of Psy-Group, Black Cube, and various sub-contractors. The evidence spans a number of countries and was obtained through a combination of court subpoenas, cyber investigations, and cooperating witnesses. West Face intends to pursue vigorously its case against the perpetrators, including any individuals in Israel."

Catalyst, the lawyers of the Cypriot parent company of Psy-Group, Mr. Rosen, and Mr. Tanuri have yet to reply to requests for comment. RELEVANTI_ARTICLE_END