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Black Cube Was Paid ‘Large Amount of Money’ to Improperly Discredit Judge, Court Rules

Israeli investigative group was hired by private-equity firm for effort code-named ‘Project Maple Tree’ to embarrass Canadian judge, Ontario court finds



The London office of Israeli private investigation firm Black Cube, which has elicited damaging information about clients’ business or legal rivals, with mixed success.

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By [Jacquie McNish](#)

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Black Cube, a secretive Israeli investigative firm, sought to embarrass a judge who made an unfavorable ruling against a financial-firm client for a fee of as much as \$11 million, according to an Ontario court ruling.

The client, Toronto private-equity firm Catalyst Capital Group Inc., agreed to pay the fee to Black Cube, which dispatched agents to discredit a Canadian judge and a rival firm in an effort code-named “Project Maple Tree,” the ruling said.

The ruling, by Judge Cary Boswell of the Ontario Superior Court of Justice, provided a rare peek into Black Cube’s workings and fee arrangements. The private investigative firm, often referred to in media reports as a “private Mossad,” has helped corporate clients by covertly eliciting damaging information about competitors or legal opponents, with mixed success. Mossad is an Israeli intelligence agency.

The decision is the latest development in a long-running dispute between Catalyst and competitor West Face Capital Inc. West Face, which was a target of the Black

Cube investigation, sought a court order compelling Catalyst to produce documents relating to the probe.

A Toronto lawyer for Black Cube declined to comment on the decision or discuss any details relating to its contract with Catalyst or other clients. Black Cube said that it has “engaged only in legal activities” and that its methods are supported by legal experts to ensure it observes laws in every jurisdiction where it operates.

The ruling said Catalyst wasn’t aware of and didn’t approve of what Judge Boswell described as Black Cube’s investigative techniques to deceive West Face or the Canadian judge, Frank Newbould.



Toronto-based private-equity firm Catalyst agreed to pay Black Cube a base fee of \$1.5 million and a maximum of \$11 million under a bonus system, the court ruling said.

PHOTO: CHRIS HELGREN/REUTERS

Catalyst declined requests to respond to questions about Judge Boswell’s ruling, which was issued Jan. 11 but banned from public release until March 25. In an emailed statement, Catalyst said it “believes it is highly inappropriate to report on this matter without a full review and consideration” of documents the company “produced at the direction of Justice Boswell.”

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Catalyst agreed to pay Black Cube a base fee of \$1.5 million and a maximum of \$11 million under a bonus system, the ruling said. Details of the bonus system weren’t disclosed. Black Cube is a private company and doesn’t discuss information about its fees or operations.

Catalyst sued Black Cube in January alleging it conducted a reckless and negligent investigation. The Black Cube lawyer declined to comment on the suit, which is pending.

Mr. Newbould, who retired as a judge and now works as an arbitrator, declined to comment.

A team of Black Cube agents in 2017 lured Mr. Newbould and current and past employees of West Face to meetings to induce them to make embarrassing or indiscreet remarks that were secretly recorded, the ruling said.

The Black Cube engagement came after Catalyst in 2016 had publicly accused Mr. Newbould of “severe indications of possible bias.” The accusation followed an unrelated case in which Judge Newbould dismissed a legal claim by Catalyst against West Face and criticized testimony from a Catalyst managing director, who is Jewish.

That managing director, Newton Glassman, flew to London in September 2017 to meet with investigators who were mostly Black Cube employees, Judge Boswell said in his ruling. A member of the investigative team said the “mission priorities” of the investigation were to disparage Mr. Newbould and West Face, the ruling said.

Days after that London meeting, an employee working for another Israeli firm hired by Catalyst emailed a Black Cube employee that Mr. Newbould had been targeted “to prove he’s a racist, a depraved anti-Semite, and trying to find information that could paint him in as negative a light as possible,” according Judge Boswell’s ruling.

That same month, a Black Cube employee impersonating a businessman invited Mr. Newbould to a Toronto restaurant for dinner and prodded him to make negative remarks about Jewish people while the conversation was secretly recorded, according to the ruling. Mr. Newbould was then retired as a judge.

Judge Boswell said that although there was no evidence Mr. Newbould is biased, Black Cube was “being paid a very large amount of money” to embarrass a judge who made a ruling Catalyst didn’t like.

Judge Boswell said methods used by Black Cube agents to damage Mr. Newbould’s reputation and obtain confidential West Face information were such an “affront to justice” that he ordered Catalyst to publicly file with the court all correspondence and documents relating to the investigation.

Mr. Glassman didn’t respond to a request for comment on the London meeting or Judge Boswell’s ruling.

A spokesman for West Face said it was pleased with the ruling.

Catalyst sued Dow Jones & Co., which publishes The Wall Street Journal, and Journal reporters Rob Copeland and Jacquie McNish for defamation over [an August 2017 article](#), and named Mr. Copeland, West Face and more than 20 other co-defendants in a separate lawsuit alleging a short-selling conspiracy also related to the 2017 article.

The Boswell ruling arises from a counterclaim brought by West Face against Catalyst and Black Cube in the short-selling conspiracy lawsuit.

A Journal representative has said the news organization is “confident in the fairness and accuracy” of its reporting. These cases are pending.

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