**INTERNATIONAL CIVIL LITIGATION**

**Professor Mike Ramsey**

**Fall 2024**

**ICL Hypothetical – Version #2**

As an attorney in private practice in California, you are contacted by a representative of TIMCO Investments, Ltd. (TIMCO Investments), which is potentially involved in a dispute with a former employee, Zach McKenna. Zach claims he is entitled to shares of stock, and has threatened suit in California. TIMCO Investments, which has no operations or personnel in California, does not want to be sued there. From TIMCO Investments’ representative, you learn the facts described in ICL hypothetical #1, plus the following:

1. TIMCO Investments’ current owners acquired the TIMCO business from its original owners in 2018. They have no knowledge or record of any shares being promised or issued to Zach McKenna, whose arrangement with the previous owners ended prior to the acquisition.
2. TIMCO’s corporate structure is as follows. TIMCO Investments, Ltd., is a Cayman Islands company that serves as a holding and financing company and was formed in 2018 to acquire the TIMCO business. It is owned by a small number of investors, some of whom are U.S. citizens and some of whom are Chinese citizens or institutions. Except as noted below, TIMCO Investments has no connections whatsoever with California. TIMCO Investments owns (or purports to own) 100% of the stock of Toys Holdings, Inc., a Republic of Mauritius company (THI), which also has no connections with California. THI in turn owns 100% of the stock of Toys International Manufacturing Co. (TIMCO Manufacturing), a Chinese company headquartered in Shenzhen. TIMCO Manufacturing conducts the principal business operations of the TIMCO entities, which largely consist of manufacture and sale of video game software to the U.S. and Asian markets. Zach McKenna was hired by TIMCO Manufacturing and worked for that company in Shenzhen; to the extent he was promised or issued any stock (which TIMCO’s current owners doubt), it must have been stock in THI, because foreigners are not allowed to own stock in Chinese companies such as TIMCO Manufacturing, given its form of organization under Chinese law.
3. TIMCO Investments is planning an initial public offering (IPO) of its stock in U.S. securities markets, including in California, in the near future. In connection with the IPO, TIMCO personnel are expected to travel to the U.S., particularly California, to participate in marketing events. Also in connection with the IPO, TIMCO Investments will represent itself as the 100% owner of THI and (indirectly) TIMCO Manufacturing. TIMCO Investments plans to open “investor relations offices,” likely with one or two employees, in California and New York to facilitate the IPO.

TIMCO Investments wants to know whether Zach can sue THI or TIMCO Investments in California. It is not as concerned about Zach’s suit against TIMCO Manufacturing, because that company has no material assets outside China.