

**IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
BUSINESS LIST (ChD) AND INSOLVENCY AND COMPANIES LIST (ChD)  
IN THE MATTER OF**

**CLAIM NO. BL-2020-001343**

**B E T W E E N :**

- (1) LONDON CAPITAL & FINANCE PLC (IN ADMINISTRATION)  
(2) FINBARR O'CONNELL, ADAM STEPHENS, HENRY SHINNERS, COLIN  
HARDMAN AND GEOFFREY ROWLEY (JOINT ADMINISTRATORS OF LONDON  
CAPITAL & FINANCE PLC (IN ADMINISTRATION))  
(3) LONDON OIL & GAS LIMITED (IN ADMINISTRATION)  
(4) FINBARR O'CONNELL, ADAM STEPHENS, COLIN HARDMAN AND LANE  
BEDNASH (JOINT ADMINISTRATORS OF LONDON OIL & GAS LIMITED (IN  
ADMINISTRATION))

**Claimants**

-and-

- (1) MICHAEL ANDREW THOMSON  
(2) SIMON HUME-KENDALL  
(3) ELTEN BARKER  
(4) SPENCER GOLDING  
(5) PAUL CARELESS  
(6) SURGE FINANCIAL LIMITED  
(7) JOHN RUSSELL-MURPHY  
(8) ROBERT SEDGWICK  
(9) GROSVENOR PARK INTELLIGENT INVESTMENT LIMITED  
(10) HELEN HUME-KENDALL  
(11) FRANCIS MICHAEL WILLIAM STARKIE  
(12) MARTIN STEPHEN RUSCOE  
(13) ERIC BOSSHARD  
(14) MR ROGER FILTNESS  
(as Representative of the Estate of Mr Robin Hudson)  
(15) CHARLES HENDRY

**Defendants**

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**THIRD WITNESS STATEMENT OF DAVID HUDSON**

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I, **DAVID HUDSON**, of FRP Advisory Trading Limited (**FRP Advisory**), 110 Cannon Street, London EC4N 6EU, will say as follows:

- I. I am a Partner in the Restructuring Advisory team at FRP Advisory and have been assisting the joint administrators (the **Joint Administrators**) appointed in respect of the First

Claimant, London Capital & Finance plc (in administration) (**LCF**), and the Third Claimant, London Oil and Gas Limited (in administration) (**LOG**).

2. I make this witness statement in order to provide further information in relation to Paragraph 21(A) of the Claimants' Re-Re-Amended Particulars of Claim dated 20 May 2022 (the **RRAPOC**).
3. During the course of their appointment, the Joint Administrators have exercised their statutory powers and have collected in the books and records of LCF, LOG and other companies connected to LCF and LOG. Amongst these books and records, the Joint Administrators identified bank statements and other financial information of LCF, LOG and other connected companies. In most cases the bank statements that were identified were in hard copy or in PDF format. In order to understand the movement of monies in and out of LCF, LOG and other connected companies, it was necessary for the Joint Administrators to convert all bank statements which were in hard copy and PDF format into Excel format (in some cases using specialist software). Having worked with the Excel spreadsheets, I am confident that the information contained in these Excel spreadsheets accurately reflects the information contained in the hard copy and PDF bank statements without material inaccuracies. I anticipate that there will be at least some instances where data from the hard copy and PDF bank statements has not transposed exactly when converted into Excel format. I also note that there are in excess of 30,000 payments in and out of the LCF bank accounts alone. Each of these payments is accompanied by a "Description" which in many cases will have been added by an individual. It is therefore likely that there are some instances where the description of the payment does not necessarily match with the purpose of the payment. I should also add that in preparing this witness statement, I have reviewed thousands of line entries. I accept that there is a possibility that I may have misidentified some of the payments identified below (and as itemised in Exhibit DH3) but I do not think that there will be any misidentifications of sufficient materiality to invalidate or otherwise affect my overall conclusions.
4. The facts and matters set out in this witness statement are either within my own knowledge and are true or are based on information provided to me, in which case the source is stated, and the facts and matters are true to the best of my knowledge and belief.
5. There is now produced and shown to me Exhibit DH3 to which I refer to in this witness statement. References to that exhibit in this witness statement will be made by reference to the exhibit followed by the page number, so that **DH3/1** is a reference to page one of the exhibit, and so forth.

## INTRODUCTION

6. The Claimants allege at paragraph 21A of the RRAPOC that:

*"Further, or alternatively, LCF operated as a Ponzi scheme by which interest and redemption payments made to Bondholders were paid with monies received from new Bondholders. In some instances, monies received from new Bondholders were paid over to borrowers, with the borrower receiving a sum net of Surge's fee. The borrower then repaid funds back to LCF, either directly or via other entities, and those funds were then used by LCF to pay interest and redemption to existing Bondholders. The funds repaid to LCF by such borrowers thus originated with LCF and were not generated by any commercial activity on the part of the borrowers. Such borrowers included LOG and L&TD. In other instances, sums received by LCF from new Bondholders was used directly to pay interest and redemptions to existing Bondholders without first being laundered through a borrowing entity. LCF was dependent on attracting new Bondholders in order to enable it to meet its existing liabilities. As with all Ponzi schemes, it was an inherently unstable and unsustainable model that was inevitably going to collapse at the point at which it could not raise sufficient funds from new Bondholders."*

7. I shall refer to the allegations contained in Paragraph 21A of the RRAPOC as (the **LCF Ponzi Allegation**). The LCF Ponzi Allegation relies on two propositions:

7.1 *"monies received from new Bondholders were paid over to borrowers [including LOG and L&TD], with the borrower receiving a sum net of Surge's fee. The borrower then repaid funds back to LCF, either directly or via other entities, and those funds were then used by LCF to pay interest and redemption to existing Bondholders."* (**Proposition 1**); and

7.2 *In other instances, sums received by LCF from new Bondholders was used directly to pay interest and redemptions to existing Bondholders without first being laundered through a borrowing entity."* (**Proposition 2**).

8. In practice (and as demonstrated below), Proposition 1 operated for the period 16 October 2015 to 13 September 2018 and thereafter Proposition 2 operated from 10 October 2018 to 3 December 2018. This witness statements provides further examples of transactions which support Proposition 1. Evidence in support of Proposition 2 is contained in my first witness statement dated 3 December 2021.

9. On 3 December 2021, I filed my first witness statement in support of the LCF Ponzi Allegation, which set out certain examples of transactions which supported the LCF Ponzi

Allegation. Throughout this witness statement, I will refer to my first witness statement as "**Hudson I**" and the exhibit thereto as "**DHI**". I also refer to:

- 9.1 the Affidavit of Colin Hardman dated 1 September 2020, filed in support of the Claimants' application for, *inter alia*, Worldwide Freezing Orders against the First to Fourth and Tenth Defendant, which I shall refer to as "**Hardman 1**"; and
- 9.2 the Second Witness Statement of Colin Hardman dated 30 November 2020, filed in support of the Claimants' application for Proprietary Injunction Orders against the First to Fourth and Tenth Defendants, which I shall refer to as "**Hardman 2**".
10. At its most basic, under Proposition 1 the LCF Ponzi Scheme operated with funds flowing as follows:



11. Following an extensive review of the bank statements for LCF and various of the Laundering Entities (as defined below), I have identified that the entities noted below received monies from LCF (pursuant to purported facility agreements or otherwise), and in most cases did not utilise those funds for any legitimate business purpose and returned the same funds (either wholly or in part) back to LCF:
  - 11.1 LCF Connected Borrowers (as defined in the RRAPOC):
    - 11.1.1 LOG
    - 11.1.2 Waterside Villages Limited (**Waterside Villages**)
    - 11.1.3 CV Resorts Limited (**CV Resorts**)
    - 11.1.4 FS Equestrian Services Limited (formerly known as Riverlodge Equestrian Centre UK Limited) (**FSES**)
  - 11.2 Borrowing Entity:
    - 11.2.1 Leisure & Tourism Developments Limited (**L&TD**)
  - 11.3 Other involved entities:

- 11.3.1 London Power Management Limited (previously known as Global Resort Property Plc) (**GRP**)
  - 11.3.2 Global Advance Distributions Limited (**GAD**)
  - 11.3.3 Sands Equity Capital Limited (**Sands**)
  - 11.3.4 Waterside Cornwall Group Limited (formerly known as Elysian Resort Group Limited) (**Elysian**)
  - 11.3.5 Prime Resort Development Limited (**PRDL**)
  - 11.3.6 Green Electricity Limited (formerly known as Leisure and Tourism Limited, Sussex Lakeside Leisure Limited, Leisure & Tourism Limited, Sussex Corporate Management Limited and Global Solar Solutions Limited) (**Leisure & Tourism**)
12. Collectively, I will refer to the entities listed at paragraphs 10.1, 10.2 and 10.3 above as the "**Laundering Entities**" and each as a "**Laundering Entity**".
13. When LCF first began issuing Bonds to Bondholders, Bondholder interest and redemption payments were sufficiently referenced within the Laundering Entities' accounting records and in the descriptors noted in the bank statements so as to be capable of being tracked through the laundering process. Indeed, the funds being transferred included reference to specific Bondholders. Paragraphs 10 and 11 of Hudson I provide a clear example of the recycling of monies by reference to bank statements which demonstrated payments from new Bondholders, to LCF, to one (or more) of the Laundering Entities, back to LCF and then on to existing Bondholders. Indeed, throughout Hudson I, I provided numerous examples of instances where funds could be traced in this manner.
14. As the sums invested into LCF by Bondholders grew, LCF engaged the services of the Global Currency Exchange Network (**GCEN**) to act as LCF's receiving and paying agent and the scope of the recycling operation was extended. As such, from the point of GCEN's involvement in February 2016, payment of Bondholder monies into LCF were made in "block payments".
15. Furthermore, from the point of GCEN's involvement, the payments which were made back to LCF from the Laundering Entities also ceased including any specific reference to Bondholders' names and more typically included general references such as "interest".

16. As a result, from around 17 February 2016 it is not possible from the bank statements in the Joint Administrators' possession to identify exactly which new Bondholder funds were used to (ultimately) repay existing Bondholder.
17. Despite this, as will be demonstrated in this statement, it is clear that the monies which were paid into LCF by new Bondholders, continued to be recycled through LCF and other Laundering Entities before being paid to existing Bondholders who were due to receive interest payments or redemption payments from LCF.
18. I am able to state this with a high degree of certainty because the Laundering Entities, in most cases, were non-trading entities which did not generate monies from business activities and only ever received funds from LCF (either directly or indirectly from other Laundering Entities which, themselves, only received funds from LCF) such that when the Laundering Entities repaid LCF, it can be concluded without doubt that the funds which were used to repay LCF were ultimately the same funds which were received from LCF previously.
19. In respect of each of the Laundering Entities, I am able to evidence that each of those entities recycled monies received from LCF back to LCF since in each case one of the following scenarios apply:
  - (a) the Laundering Entity only received funds from LCF; or
  - (b) the other entity or entities from which funds were received, themselves only received funds from LCF; or
  - (c) where external funds were received whose origin cannot be traced, the funds received from such entities were substantially less than the funds paid back to LCF such that it can be concluded that the funds paid to LCF were (at least) largely made up from funds received from LCF initially or that, even if not on a strict 'tracing' basis, the funds paid to LCF were financed in some way by the receipt of other funds received from LCF initially.
20. In some circumstances, I have not had sight of a Laundering Entity's bank statements. Where this is the case, I have made that clear. However, I have still been able to undertake an analysis of the position as follows:
  - (a) Where the bank statements for the Laundering Entities are not available to me, I have relied on the bank statements of LCF to evidence the outbound journey of the funds from LCF and the inbound journey of the funds back to LCF; and

- (b) Where the funds have flowed from LCF and then through multiple Laundering Entities, before being returned to LCF and where I have the bank statements for one or more of the Laundering Entities, I have been able to rely on the bank statements for LCF and another Laundering Entity (or Entities) to identify the round trip which the funds took.
21. It should be noted that, in the vast majority of cases, the Laundering Entities were not trading companies. As such, it can be concluded that the funds were not being "invested" (as represented by LCF to the Bondholders) but were instead paid into the Laundering Entities and then, at some point later, returned to LCF (either directly or via another Laundering Entity).
22. As such, the only explanation is that the funds which were ultimately returned to LCF were the same funds which it received from LCF initially such that the funds (at the highest level) must have flowed from a new Bondholder, to LCF (via an agent), to a Laundering Entity (or multiple Laundering Entities), back to LCF and then to an existing Bondholder.
23. I attach at **DH3/2** a pictogram showing the circulation of funds between LCF and the Laundering Entities. From this, it can be seen that the funds initially paid out by LCF were being washed through (sometimes multiple) entities before being returned to LCF. Each of the Laundering Entities detailed below are included on the pictogram.

#### **BONDHOLDER MONEY PAID INTO LCF**

24. An analysis of the bank statements for LCF has confirmed that no monies were received by LCF from Bondholders directly. Instead, Bondholders paid funds initially to Buss Murton Law LLP (**Buss Murton**) (during the period 29 April 2015 until 7 January 2016) and then subsequently to GCEN (from 3 December 2015 to 7 December 2018).
25. Buss Murton
- 25.1 At the outset of LCF's operation, Bondholders would pay monies (purportedly to purchase the Bonds) to Buss Murton. Buss Murton are a firm of solicitors, operating from Tunbridge Wells with SRA ID 513079.
- 25.2 LCF operated its own bank accounts from 2012 but did not receive any funds from Bondholders directly.
- 25.3 Instead, Buss Murton took receipt of new Bondholder funds from 29 April 2015 until 7 January 2016.

- 25.4 From 3 December 2015, Bondholder funds began to be directed to GCEN (rather than Buss Murton).
26. GCEN
- 26.1 The background to the commercial relationship between LCF and GCEN is set out in detail at paragraphs 264 to 269 of Hardman I. In summary, GCEN acted as LCF's receiving and paying agent and therefore received monies directly from Bondholders.
- 26.2 Monies payable by Bondholders to LCF were paid in practice by those Bondholders to GCEN which collected those monies from Bondholders on behalf of LCF.
- 26.3 GCEN would then usually pay those monies over to LCF. Specifically, GCEN would pay the monies from Bondholders into LCF's "LCF Bond Account" account (account number: 44831268; sort code: 30-92-38) (the **LCF Bond Account**).

### **MONIES PAID TO AND FROM LCF VIA THE LAUNDERING ENTITIES**

27. As noted at paragraph 17 of the RRAPOC, the LCF Connected Borrowers were almost entirely dependent on LCF for their income and did not have sufficient commercial activities or legitimate investments to enable them to repay their debts to LCF. Accordingly, as will be demonstrated below, money returned to LCF by these entities can always be tracked back to payments received from LCF.
28. In respect of the Laundering Entities, the position, as I understand it (and as set out further below), is that these entities also did not generate enough (if any) profit from their own commercial activities to repay LCF. Accordingly, money from these entities is also traceable back to LCF.
29. I address the flow of funds to and from LCF, via each of the Laundering Entities in turn below.
30. **LOG**
- 30.1 The relationship between LCF and LOG is set out in detail at paragraphs 29 to 35, 130 to 160, 183 to 192 and 292 of Hardman I. As noted in Hardman I, LOG was LCF's largest "borrower". Mr Hume-Kendall was a director of LOG from 15 August 2015 (its date of incorporation) to the date of its administration, whilst Mr Barker was a director from 17 November 2015 to the date of administration. Moreover, the ultimate beneficial owners of LOG were Mr Thomson. Mr Hume-Kendall, Mr Barker and Mr Golding (see paragraph 29 of Hardman I).



- 30.2 I have had sight of the bank statements for LOG (account number: [REDACTED]; sort code 23-05-80) and LCF (account number: [REDACTED]; sort code: 30-92-38), from which I have identified the following:
- 30.3 Funds paid by LCF to LOG
- 30.4 Between 1 August 2016 and 15 May 2018, the sum of £44,125,419.15 was paid from LCF's bank account to LOG. An itemised list of these payments out of LCF's bank accounts appears at **DH3/3-18**. An itemised list of the receipts into LOG's bank account from LCF appears at **DH3/19-38**. However, relevant for the purposes of evidencing the LCF Ponzi Scheme, it should be noted that during the period 9 September 2016 to 25 April 2018 (i.e. the period during which LOG also made payments back to LCF) the total sum paid by LCF to LOG was £41,723,165.02.
- 30.5 Funds paid by Sands Equity to LOG
- 30.6 Aside from the sums that LCF advanced to LOG, a review of the bank statements for LOG's Metro Bank account (account number: [REDACTED]; sort code: 23-05-80) confirms that LOG also received payments from Sands Equity of £1,299,500 during the period 31 May 2017 to 16 January 2018 (see **DH3/39-40**). The Sands Equity funds can, in turn, be traced back to LCF.
- 30.7 Sands Equity's involvement is discussed further at paragraph 37 below, save as to note at this stage that funds received into Sands Equity's bank account can all be traced back to LCF.
- 30.8 Funds paid by GRP to LOG
- 30.9 LOG's Metro Bank account (account number: [REDACTED]; sort code: 23-05-80) confirms that LOG also received payments from GRP of £722,500 during the period 4 August 2016 to 16 January 2017 (see **DH3/42-51**).
- 30.10 GRP's involvement is discussed in further detail at paragraph 35 below. I have had access to – and I have reviewed – the nominal ledgers for GRP which were prepared by the directors of GRP (but not the bank statements), as well as the bank statements of LOG.
- 30.11 Funds returned by LOG to LCF
- 30.12 LOG made repayments to LCF during the period 9 September 2016 to 25 April 2018.
- 30.13 The total sum of the repayments made during this time was £10,069,403.33 (see **DH3/42-51**). Of this figure, £7,954,712.81 was paid into the LCF Bondholder Repayment and Interest Account, with a majority of the funds (£5,780,014.36) utilising the description "Redemption".

30.14 Conclusion for LOG

30.15 An analysis of the bank statements for LOG therefore demonstrates that during the period leading up to 25 April 2018 (the last date it made payments back to LCF), the funds which LOG received mostly originated from LCF (the majority having been paid by LCF to LOG directly or having been paid by LCF to LOG via Sands Equity which, itself, only received funds from LCF or other Laundering Entities). As regards the funds paid to LOG by GRP, as at the date of this witness statement it has not been possible to verify the ultimate source of the funds paid into the bank account operated by GRP.

30.16 LOG returned a total sum of £10,069,403.33 to LCF, including the sum of £7,954,712.81 paid into the LCF Bondholder Repayment and Interest Account. Even if this sum included the entirety of sums paid by GRP (a total sum of £722,500) and even if GRP had obtained those monies from some (as yet unidentified) non-LCF source, this leaves a balance of £9,346,903.33 which was returned by LOG to LCF and which must have originated from LCF to start with.

31. **Waterside Villages**

31.1 The relationship between LCF and Waterside Villages is set out in detail at paragraphs 93 to 97, 166 and 171 to 172 of Hardman I. As noted in Hardman I, Mr Hume-Kendall was a director at the point of incorporation and Mr Barker became a director 5 days later. They both resigned on 5 May 2017. The ultimate beneficial owners of Waterside Villages were Mr Thomson. and Mr Hume-Kendall.

31.2 Waterside Villages entered administration on 17 March 2020. Prior to its entry into administration, Waterside Villages had filed micro company accounts for the periods to 24 March 2017 and 31 March 2018.

31.3 At the time of preparing this witness statement, I did not have access to any bank statements for Waterside Villages. However, I have conducted an analysis of bank statements held in respect of LCF (account number: [REDACTED]; sort code: 30-92-38), Sands Equity (account number: [REDACTED] sort code: 23-05-80), L&TD (account number: [REDACTED]; sort code: 23-05-80) and GAD (account number: [REDACTED] sort code: 23-05-80) from which I have been able to ascertain the following.

31.4 Funds paid by LCF to Waterside Villages

31.5 An analysis of the LCF bank statements has confirmed that LCF did not send Waterside Villages funds directly.

31.6 Funds paid to Waterside Villages via other sources

31.7 Waterside Villages did receive funds from other Laundering Entities as follows:

31.7.1 £601,116 from L&TD during the period 12 July 2016 to 21 April 2017 (see **DH3/52**);

31.7.2 £130,000 from Sands Equity during the period 17 October 2017 to 24 November 2017 (see **DH3/53**);

31.7.3 £268,000 from GAD during the period 22 January 2018 to 24 May 2018 (see **DH3/54**).

31.8 Funds returned by Waterside Villages to LCF

31.9 From a review of the bank statements for LCF (account number: 53564068; sort code: 30-92-38), I have identified a payment of £61,705.40 made to LCF on 3 July 2018 (see **DH3/55**). The reference given for this payment is "INT".

31.10 Waterside Villages Conclusion

31.11 Without access to the bank statements for Waterside Villages, it is not possible to conclude with certainty that Waterside Villages did not receive funds from other (legitimate) trading entities. However, it is possible to say that Waterside Villages received more deriving from LCF than it returned to LCF.

32. **CV Resorts**

32.1 For information as to the commercial relationship between CV Resorts, LCF and the Defendants see paragraphs 84 to 89 of Hardman I and paragraph 14 of the RRAPOC. As set out in the RRAPOC, CV Resorts was one of the 12 entities that borrowed sums from LCF. Since its incorporation, the following Defendants held the following roles at CV Resorts:

32.1.1 Mr Thomson: Director and Secretary (23 January 2015-15 August 2015)

32.1.2 Mr Hume-Kendall: Director (23 January 2015-5 May 2017; 6 December 2017-3 May 2018; 10 May 2020-date);

32.1.3 Mr Barker: Director (6 December 2017-3 May 2018);

32.1.4 Mr Sedgwick: Director (9 January 2018-12 March 2018).

32.2 Notwithstanding this relationship, the Joint Administrators have not identified evidence showing payments directly from LCF to CV Resorts prior to 20 November 2017.

- 32.3 I have not had sight of the bank statements for CV Resorts. Accordingly, I do not know the total amount of funds paid to CV Resorts or the origins of every sum ever paid to CV Resorts. However, from an analysis of LCF's bank account statements (account number: [REDACTED] sort code: 30-92-38) together with the bank account statements for L&TD (account number: [REDACTED]; sort code: 23-05-80), Sands Equity (account number: [REDACTED] sort code: 23-05-80) and the nominal ledgers for GRP, I have been able to ascertain the following:
- 32.4 Funds paid by LCF to CV Resorts
- 32.5 During the period 20 November 2017 to 16 April 2018, LCF made payment of the sum of £659,499.47 to CV Resorts (see **DH3/56-58**).
- 32.6 Funds paid to CV Resorts via other sources
- 32.7 CV Resorts also received payments from the following Laundering Entities:
- 32.7.1 £121,000 from L&TD during the period 12 July 2016 to 27 January 2017 (see **DH3/59**); and
- 32.7.2 £40,000 from Sands Equity on 18 August 2017 (see **DH3/60**).
- 32.8 Funds returned by CV Resorts to LCF
- 32.9 During the period 23 November 2017 to 17 April 2018, CV Resorts paid to LCF the sum of £940,152.19 (see **DH3/56-58**).
- 32.10 Conclusion for CV Resorts
- 32.11 Without access to the bank statements for CV Resorts, it is not possible to conclude with certainty that CV Resorts did not receive funds from other (legitimate) trading entities which generated those monies from trading activities. However, I note that CV Resorts has filed dormant company accounts, micro company accounts, and unaudited abridged accounts. The statutory accounts of CV Resorts for the period from 30 September 2015 to 31 March 2018 reveal that it conducted no business activities at all during that period of time, with no change whatsoever in the value of its assets or the amount of its liabilities during that period. It is also possible to state (as set out above) that the sums paid by CV Resorts to LCF are only slightly greater than the sums which CV Resorts can be shown to have received from LCF. In the circumstances it appears likely that most if not all of the sums paid by CV Resorts to LCF derived ultimately from LCF rather than from any other sources.

33. **FSES**

33.1 The relationship between LCF and FSES is set out in detail at paragraphs 114 to 124, 171 to 172, 179 to 182 and 193 to 194 of Hardman 1. For the reasons set out in detail in Hardman 1, the Joint Administrators believe that Mr Golding was closely connected to and/or is a shadow director and/or is the ultimate beneficial owner of FSES.

33.2 The LCF Joint Administrators presented a winding up petition in respect of FSES on 11 August 2020. FSES was dissolved on 14 February 2023. Prior to FSES entering liquidation, it had never filed any statutory accounts.

33.3 From an analysis of the bank statements for FSES (account number: [REDACTED]; sort code: 51-70-12) and LCF (account number: [REDACTED]; sort code: 30-92-38), I have been able to confirm the following:

33.4 Funds paid by LCF to FSES

33.5 FSES received £904,050 from LCF on 14 December 2017 (see **DH3/61**).

33.6 Prior to 12 April 2018, FSES had also received additional sums into its bank account as follows:

33.6.1 £616,500 from Spencer Golding trading as Home Farm Equestrian Centre (**HFEC**) (account number: [REDACTED]; sort code: 20-88-13) during the period 26 July 2017 to 10 November 2017 (see **DH3/62**);

33.6.2 £2,060,596.93 from Spencer Golding (account number: [REDACTED]; sort code: 20-88-13) during the period 13 July 2017 to 3 August 2018 (see **DH3/63-65**); and

33.6.3 £99,500 from Elten Barker (account number: [REDACTED]; sort code: 20-49-80) split into two payments made on 9 October 2017 (see **DH3/66**).

33.7 The monies received from HFEC, Spencer Golding and Elten Barker, can all be traced back to LCF (as further detailed in Hardman 2) as follows:

33.7.1 Mr Golding (including Mr Golding trading as HFEC) received from LCF, via various entities, the sum of £41,637,563.29 during the period 18 August 2015 to 4 December 2018; and

33.7.2 Mr Barker received from LCF, via various entities, the sum of £5,005,288.28 during the period 8 April 2016 to 2 January 2019.

33.8 Funds returned by FSES to LCF

33.9 FSES made payments totalling £255,900.68 to LCF between the period 14 December 2017 and 12 April 2018 (see **DH3/61**).

33.10 Conclusion for FSES

33.11 FSES was incorporated on 11 January 2017, its bank account was opened on 14 February 2017 and the first transaction on the account was on 13 July 2017.

33.12 As the period after this, the sum of £3,680,647 was received by FSES either directly from LCF, or from Spencer Golding and Elten Barker (which funds can in turn be traced back to LCF).

33.13 The bank statements for FSES identify that in the period 13 November 2017 to 22 February 2019 FSES received money into its bank account from certain other sources. For instance:

33.13.1 On 13 November 2017, an Australian company called Greenridge Properties PTY Limited paid the sum of £330,000.00 into the FSES bank account.

33.13.2 During August and September 2018, FSES transferred the sum of £160,200 to a company called "Portal Power" (which we understand sells and/or constructs equine arenas). In May 2018, Portal Power then sent £70,000 back to FSES (we assume to buy back the riding arena previously purchased).

33.14 During the period 29 November 2017 to 20 July 2018, I have also identified the following receipts into the FSES bank account which appear to be payments following the sale of horses or similar assets:

Date	Description	Amount
29/11/2017		£25,000.00
22/01/2018		£10,000.00
03/05/2018		£10,000.00
14/05/2018		£93,000.00
18/06/2018		£12,000.00
02/07/2018		£333,975.74
20/07/2018		£107,993.00
		£591,968.74

33.15 On 26 July 2019, HMRC paid the sum of £39,724.33 into the FSES bank account which appears to be a VAT rebate.

33.16 The total amount of receipts from these sources (which were received in the period 13 November 2017 to 22 February 2019) is £1,031,216.07.

33.17 I have not been able to identify how and why sums were transferred into the FSES bank account. However, in light of the matters set out above I consider that it is reasonable to infer that the above-mentioned horses and show jumping arena were purchased with funds (or at least some funds) traceable back to LCF, were then sold to third parties, with proceeds of sale being directed into the bank account of FSES. Accordingly, these receipts can still ultimately be traced back to LCF.

33.18 Accordingly, I am of the view that at least some of the funds which FSES sent back to LCF originated from LCF.

34. **L&TD**

34.1 An explanation as to L&TD's commercial relationship with LCF, LOG and the Defendants is set out at paragraphs 174 to 175 of Hardman I and paragraph 16(8) of the RRAPOC. Since its incorporation, the following Defendants held the following roles at L&TD:

34.1.1 Mr Thomson: Director (24 November 2014-12 January 2016)

34.1.2 Mr Hume-Kendall: Director (23 January 2015-4 May 2018)

34.1.3 Mr Sedgwick: Director (24 November 2014-23 January 2015; 4 May 2018).

34.2 I have reviewed the bank statements for L&TD's Metro Bank account (account number: [REDACTED]; sort code: 23-05-80), LCF's Lloyds bank account (account number: [REDACTED]; sort code: 30-92-38) and Waterside Village Bonds Plc's account (account number: [REDACTED]; sort code: 23-05-80) have confirmed the following:

34.3 Funds paid by LCF to L&TD

34.4 Between 28 August 2015 and 2 May 2017, the sum of £31,249,660.60 was paid by LCF to L&TD. During this time, over 500 separate payments ranging in value from £375 to £920,750 were made from LCF to L&TD (see **DH3/67-85**).

34.5 Funds paid to L&TD via other sources

34.6 Aside from the above sums advanced to L&TD by LCF, the bank statements of L&TD show that L&TD also received funds as follows:

34.6.1 £186,000 from GRP during the period 6 June 2016 to 14 July 2016 (see **DH3/98-101**); and

- 34.6.2 £244,845 from Lakeview Country Club Limited (which changed its name to International Resorts Management Limited on 12 January 2017) (**Lakeview/IRML**) during the period 20 October 2015 and 14 June 2017 (see **DH3/86-87**); and
- 34.6.3 £1,202,000 from Waterside Villages Bonds Plc (**Waterside Villages Bonds**) during the period 29 June 2016 to 2 September 2016 (see **DH3/88**).
- 34.7 I have not been able to identify any evidence showing payments directly from LCF to either Lakeview/IRML or Waterside Village Bonds. However, in light of the manner in which funds were directed from LCF to various intermediary entities, it is possible that sums were paid from LCF to some other entity before being paid on to Lakeview/IRML (whereupon funds were paid on to L&TD).
- 34.8 Lakeview/IRML was incorporated on 18 December 2012 and its previous directors included Mr Thomson, Mr Hume-Kendall and Mrs Hume-Kendall. As explained at paragraphs 497(g) and 611 to 620 of Hardman I, Mr Golding, Mr Thomson, Mrs Hume-Kendall and Mr Hume-Kendall have all previously owned (whether directly or indirectly) shares in Lakeview/IRML. Mr Barker and Mr Hume-Kendall were registered on Companies House as persons with significant control of Lakeview/IRML between 6 April 2016 and 1 April 2018.
- 34.9 Waterside Villages Bonds was incorporated on 11 May 2016 and its previous directors included Mr Hume-Kendall and Mr Barker. As at April 2017, Waterside Villages Bonds was a subsidiary of GRP, a company in which Mr Thomson, Mr Barker and Mr Hume-Kendall owned shares.
- 34.10 I do not have access to the bank statements for Lakeview/IRML, but I am aware that Lakeview/IRML operated a holiday park. I cannot confirm either way, but it is possible that some of the Lakeview/IRML payments did represent legitimate income by Lakeview/IRML generated from business activities. I would, however, note the following:
- 34.10.1 The filed accounts for Lakeview/IRML for the period 1 October 2016 to 31 March 2017 indicate that it had a turnover of £449,188 and operated at a loss of £555,995.
- 34.10.2 In the prior period (ending 30 September 2016), Lakeview/IRML had a turnover of £560,054 and operated at a small profit of £12,101.
- 34.11 I do have access to the bank statements for Waterside Villages Bonds which indicate that this was not a trading entity. Indeed, the only funds paid into Waterside Villages Bonds which I have identified is the sum of £3,054,483.75 from Greyfriars Asset Management Limited in the period 28 June 2016 to 19 January 2017 (see **DH3/89**). However, I do note from the filed accounts for Waterside Villages Bonds the following:



34.11.1 For the year ending 27 June 2016 (i.e. for the year leading up to two days before the first payment to L&TD), Waterside Villages Bonds filed dormant accounts indicating that the only asset was cash at bank of £50,000); and

34.11.2 For the period to 31 March 2017, Waterside Villages Bonds filed micro-entity accounts, which indicated no change to the net asset position of £50,000 but the addition of a current assets valued in the accounts at £3,104,484, subject to a charge of £3,054,484 (leaving the net asset position of £50,000).

34.12 Funds returned by L&TD to LCF

34.13 Between 6 October 2015 and 13 September 2018 L&TD returned £5,010,581.96 to LCF, as interest and redemption fees (see **DH3/90-94**). Payments totalling £756,171.81 identified the name of the existing Bondholder that was to be repaid by LCF.

34.14 Sums totalling £2,310,802.23 were repaid to LCF by L&TD with reference "REDEMPTION". Other funds (totalling £1,943,607.86) were paid with references including "loan arrears", "repayment", "interest" and "consultancy fees" (see **DH3/90-94**).

34.15 Conclusion for L&TD

34.16 As I have not had access to the bank statements for Lakeview/IRML, it is not possible for me to state with certainty that the funds which Lakeview/IRML paid into L&TD were not, or did not include some element of, profits from legitimate trading activity as opposed to funds which originated from LCF initially. As regards Waterside Villages Bonds, as at the date of this witness statement it has not been possible to verify the ultimate source of the funds paid into the bank account operated by this entity.

34.17 However, L&TD returned a total sum of £5,010,581.96 to LCF. Therefore, even if this sum included the entirety of sums paid by Lakeview/IRML and Waterside Villages Bonds (a total sum of £1,446,845), this leaves a balance of £3,563,736.96 which was returned to LCF and which must have originated from LCF to start with.

35. **GRP**

35.1 An explanation of GRP's commercial relationship with LCF, LOG and the Defendants is set out at paragraphs 85, 102, 397, 450 and 497 of Hardman I. Since its incorporation, the following Defendants held the following roles at GRP:

35.1.1 Mr Hume-Kendall: Director (30 December 2014-5 May 2017; 6 December 2017-21 April 2021);

35.1.2 Mr Barker: Director (28 August 2015-5 May 2017; 6 December 2017-21 April 2021);

35.1.3 Mr Sedgwick: Secretary (28 August 2015-12 March 2018).

35.2 I have not had access to the bank account statements for GRP, though I understand that the joint administrators of GRP are continuing to take steps to obtain these. However, I have had access to GRP's nominal ledgers which, together with the bank statements for LCF (account number: [REDACTED] sort code: 30-92-38) and L&TD (account number: [REDACTED] sort code: 23-05-80) have enabled me to identify the following:

35.3 Funds paid by LCF to GRP

35.4 Between 20 May 2016 and 3 November 2017, the sum of £20,460,070.82 was transferred from LCF's Lloyds accounts (account number: [REDACTED] sort code: 30-92-38) to GRP's Metro Bank account (account number: [REDACTED] sort code: 23-05-80) (see **DH3/95-97**).

35.5 Funds paid by L&TD to GRP

35.6 As set out at paragraph 34.4 above, between 28 August 2015 and 2 May 2017, the sum of £31,249,660.60 was paid out of LCF's Lloyds accounts with details (account numbers: [REDACTED] sort code: 30-92-38) into L&TD's Metro Bank account (account number: [REDACTED] sort code: 23-05-80) (see **DH3/67-85**).

35.7 Between 25 April 2016 and 10 May 2017, the gross sum of £4,008,824 was paid out of L&TD's Metro Bank account (account number: [REDACTED] sort code: 23-05-80) to GRP (see **DH3/98-101**).

35.8 Funds paid by Waterside Villages Bonds to GRP

35.9 The nominal ledgers for GRP also indicate that GRP received the sum of £355,711.63 from Waterside Villages Bonds during the period 25 April 2016 and 27 October 2017. As mentioned in the context of L&TD at paragraph 34 above, as at the date of this witness statement it has not been possible to verify the ultimate source of the funds paid into the bank account operated by Waterside Villages Bonds. However, since the filed accounts for Waterside Villages Bonds indicate that it did not trade, it is difficult to see how these funds could represent legitimate income which did not derive from LCF.

35.10 Funds paid by Sands Equity to GRP

35.11 In the period 15 January 2018 to 29 March 2018, Sands Equity transferred the sum of £70,000 by way of 6 payments with the description of "Global Resort Property PLC Loan" (see **DH3/122-123**).

35.12 Funds returned by GRP to LCF

35.13 An analysis of LCF's bank statements confirms that between 19 May 2017 and 3 November 2017 the sum of £348,236.38 was paid by GRP to LCF (see **DH3/95-97**). In particular:

35.13.1 £202,762.91 was paid to LCF's Bondholder Repayment & Interest Account; and

35.13.2 £145,473.47 was paid to LCF's Operational Account.

35.14 Further, the L&TD bank statements confirm that during the period 6 June 2016 to 14 July 2016, GRP paid the sum of £186,000 to L&TD (see **DH3/98-101**) which, in turn, made payment of £5,010,581.96 to LCF (as set out at paragraph 34.6 above).

35.15 Conclusion for GRP

35.16 In respect of the sums paid by L&TD to GRP, as mentioned in the context of the flow of funds between LCF and L&TD (discussed at paragraph 34 above), during the period 25 April 2016 to 10 May 2017 (i.e. the period during which L&TD made payments to GRP), the L&TD account also held funds received from Waterside Village Bonds and Lakeview/IRML. Furthermore, GRP received funds directly from Waterside Villages Bonds.

35.17 As such, I cannot say with certainty that the funds which L&TD subsequently transferred to GRP were all funds which originated from LCF. However, since the filed accounts for Waterside Villages Bonds indicate that it did not trade, it is difficult to see how these funds could represent legitimate income which did not derive from LCF.

35.18 I have not had access to the bank statements of GRP, and so it is not possible for me to confirm that GRP did not receive funds from any third parties or, indeed, from legitimate trading entities. However, I have had access to – and I have reviewed – the nominal ledgers for GRP which were prepared by the directors of GRP, as well as the bank statements of LCF, L&TD, Waterside Villages Bonds and Sands Equity.

36. **GAD**

36.1 Since its incorporation, the following Defendants have held the following roles at GAD:

36.1.1 Mr Thomson: Director (19 December 2013 to 15 August 2015)

36.1.2 Mr Hume-Kendall: Director (11 March 2015 to 7 December 2017)

36.1.3 Mr Barker: Director (1 October 2015 to 7 December 2017)

- 36.1.4 Mr Sedgwick: Director (7 December 2017 to 19 November 2018) and Secretary (19 December 2013 to 19 November 2018)
- 36.2 GAD was not a trading entity and therefore had no legitimate income which did not derive from LCF. The only payments which GAD received into its bank account are those payments detailed below.
- 36.3 I have reviewed the bank statements for GAD (account number: [REDACTED] sort code: 23-05-80) and the bank statements for LCF (account numbers: [REDACTED] and [REDACTED] both with sort code: 30-92-38). In doing so I have ascertained the following:
- 36.4 Funds paid by LCF to GAD
- 36.5 During the period 13 November 2017 and 24 May 2018, the sum of £1,634,025.28 was transferred by LCF to GAD (see **DH3/102-111**).
- 36.6 Funds paid by L&TD to GAD
- 36.7 During the period 3 May 2016 to 13 April 2017, the sum of £1,097,900 was received by GAD from L&TD (see **DH3/112-116**). As mentioned in the context of L&TD at paragraph 34 above, L&TD received into its account sums from Lakeview/IRML and Waterside Villages Bonds which cannot be conclusively traced back to LCF. Accordingly, it is not possible to say that the sum of £1,097,900 which L&TD paid to GAD did not include (in whole or in part) sums which originated from an entity other than LCF.
- 36.8 Funds returned by GAD to LCF
- 36.9 Between 9 November 2017 and 23 May 2018, GAD returned the sum of £3,901,128.27 to LCF (see **DH3/102-111**). In particular:
- 36.9.1 £3,476,145.81 was paid to LCF's Bondholder Repayment & Interest Account; and
- 36.9.2 £424,982.46 was paid to LCF's Operational Account.
- 36.10 During the period 3 November 2017 and 25 May 2018, GAD made payments out to PRDL in the total sum of £1,512,563.92 (see **DH3/117**). PRDL is discussed further at paragraph 39 below. Following my review of the bank statements, I am of the view that (at least) the vast majority of the funds paid into PRDL, were returned to LCF.
- 36.11 From a review of the Elysian bank statements, I have also identified that during the period 20 November 2017 to 1 June 2018, GAD made payments out to Elysian in the total sum of £2,420,600.03 (see **DH3/127-129**). Elysian is discussed further at paragraph 40 below.

Following my review of the bank statements, I am of the view that (at least) the vast majority of the funds paid into Elysian, were returned to LCF.

36.12 Conclusion for GAD

36.13 Save for the sums which GAD received from L&TD, all sums which GAD received can be traced directly back to LCF. As GAD did not trade, I can state with a high degree of certainty that the funds which GAD paid back to GAD, were the same funds which it received from LCF originally.

36.14 In respect of the sums paid by L&TD to GAD as mentioned in the context of the flow of funds between LCF and L&TD (discussed at paragraph 34 above), during the period 3 May 2016 and 13 April 2017 (i.e. the same period during which L&TD made payments to GAD), the L&TD account also held funds received from Waterside Village Bonds and Lakeview/IRML. As such, I cannot say with certainty that the funds which L&TD subsequently transferred to GAD were all funds which originated from LCF.

36.15 However, since GAD did not receive funds from anywhere other than LCF and L&TD, even if the entirety of the funds which L&TD sent to GAD were formed of the funds which L&TD received from Lakeview/IRML and Waterside Villages Bonds, this still leaves a balance of £536,125.28 which GAD sent to LCF (being the sum of £1,634,025.28 sent by LCF to GAD, less the sum GAD received from L&TD of £1,097,900, which can be directly traced back to an origin at LCF).

37. **Sands Equity**

37.1 An explanation as to Sands Equity's relationship with LCF, LOG and the Defendants is set out at paragraphs 304 to 309 of Hardman I.

37.2 Mr Hume-Kendall was the sole director of Sands Equity from 28 January 2015 to 4 May 2018 and LG LLP was noted as the PSC on Companies House on 28 April 2017 with its control stated to be "ownership of shares – 75% or more". As noted above, the only two members of LG LLP were Mr Hume-Kendall and Mr Barker.

37.3 A review of the bank statements for LCF (account number: [REDACTED] sort code: 30-92-38) and Sands Equity's Metro Bank Account (account number [REDACTED] sort code: 23-05-80) has confirmed as follows:

37.4 Funds paid by LCF to Sands Equity

- 37.5 Between 31 May 2017 and 27 July 2017, the sum of £258,253.39 was transferred from LCF to Sands Equity (see **DH3/118-121**).
- 37.6 Funds by LOG to Sands Equity
- 37.7 Between 1 August 2016 and 15 May 2018, LCF advanced a total of £44,125,419.15 to LOG. For an itemised list of the payments advanced by LCF to LOG, (see **DH3/3-18**); and
- 37.8 Between 13 June 2017 and 9 February 2018, the sum of £1,327,500 was transferred from LOG to Sands Equity (see **DH3/39-40**).
- 37.9 During the same period (i.e. 13 June 2017 to 9 February 2018), Sands Equity paid sums back to LOG in the amount of £1,192,500 (see **DH3/39-40**).
- 37.10 Funds paid by GRP to Sands Equity
- 37.11 From LCF to GRP:
- 37.11.1 Between 20 May 2016 and 3 November 2017, the sum of £20,460,070.82 was transferred from LCF's Lloyds accounts (account numbers: [REDACTED]; sort code: 30-92-38) to GRP's Metro Bank account (account number: [REDACTED] sort code: 23-05-80) (see **DH3/95-97**).
- 37.12 From LCF to L&TD to GRP:
- 37.12.1 Between 28 August 2015 and 2 May 2017, the sum of £31,249,660.60 was paid out of LCF's Lloyds accounts with details (account numbers: [REDACTED]; sort code: 30-92-38) into L&TD's Metro Bank account (account number: [REDACTED] sort code: 23-05-80) (see **DH3/67-85**).
- 37.12.2 Between 25 April 2016 and 10 May 2017, the gross sum of £4,008,824 was paid out of L&TD's Metro Bank account (account number: [REDACTED]; sort code: 23-05-80) to GRP (see **DH3/98-101**).
- 37.12.3 From my analysis of L&TD's bank statements, I further understand that in the period 6 June 2016 to 14 July 2016, GRP paid back the sum of £186,000 to L&TD (see **DH3/98-101**). The net sums GRP received from L&TD therefore amount to £3,822,824.
- 37.13 From GRP to Sands Equity:

- 37.13.1 Between 19 May 2017 and 27 October 2017, the gross sum of £14,678,770 was transferred from GRP's Metro Bank account (account number: [REDACTED]; sort code: 23-05-80) to Sands Equity's Metro Bank Account (account number [REDACTED] sort code: 23-05-80) (see **DH3/I22-123**).
- 37.14 Further, in the period 15 January 2018 to 29 March 2018, Sands Equity paid back to GRP the sum of £70,000 by way of 6 payments with the description "*Global Resort Property PLC Loan*" (see **DH3/I22-123**).
- 37.15 Funds paid by GAD to Sands Equity
- 37.16 Between 20 November 2017 to 1 December 2017 the sum of £1,700,000 was transferred from GAD's Metro Bank Account (account number: [REDACTED] sort code: 23-05-80) to Sands Equity's Metro Bank Account (account number [REDACTED]; sort code: 23-05-80) (see **DH3/I24**).
- 37.17 Funds paid by CV Resorts to Sands Equity
- 37.18 Aside from the above sums originating from LCF which were advanced to Sands Equity, the bank statements for Sand Equity's Metro Bank account (account number [REDACTED]; sort code: 23-05-80) confirm that on 30 November 2017, Sands Equity received a payment of £25,000 from CV Resorts (see **DH3/I25**).
- 37.19 The flow of funds between CV Resorts and LCF is set out at paragraph 32 above. It is possible that sums paid to Sands Equity via CV Resorts originated from LCF.
- 37.20 Funds returned by Sands Equity to LCF
- 37.21 During the period 9 June 2017 to 17 November 2017, a total sum of £2,596,272.13 was paid by Sands Equity to LCF (see **DH3/I18-121**). Of this sum, £2,281,677.19 of these funds was paid into the LCF Bondholder Repayment & Interest Account and the balance of £314,594.94 was paid in to LCF Operational Account.
- 37.22 Of the sum of £2,596,272.13 which was paid by Sands Equity to LCF, £1,644,221.25 was paid with the reference "REDEMPTION" and a further £927,487.38 was paid with the reference "INTEREST" or "INT".
- 37.23 Conclusion for Sands Equity
- 37.24 In respect of all the Laundering Entities which paid funds to Sands Equity (LOG, GRP, GAD and CV Resorts), none had legitimate trading activities which were generating monies for these entities.

37.25 This must lead to the conclusion that the majority (if not all) of the funds which Sands Equity paid back to LCF are funds which originated from LCF.

38. **Elysian**

38.1 An explanation as to Elysian's relationship with LCF, LOG and the Defendants is set out at paragraphs 601 to 604 of Hardman I.

38.2 I have had sight of certain of the bank statements for Elysian (account number: [REDACTED] sort code: 23-05-80) and, further, I have conducted an analysis of bank statements held in respect of LCF (account number: [REDACTED] and [REDACTED] sort code: 30-92-38), PRDL (account number: [REDACTED]; sort code: 30-84-85) and GAD (account number: [REDACTED] sort code: 23-05-80) from which I have been able to ascertain the following:

38.3 Funds paid by LCF to Elysian

38.4 During the period 1 June 2018 to 11 June 2018, Elysian received the sum of £54,188 from LCF directly (see **DH3/126**).

38.5 Funds paid to Elysian from other sources

38.6 Elysian also received funds from the following Laundering Entities, which can be traced back to LCF:

38.6.1 £2,420,600.03 from GAD during the period 20 November 2017 to 1 June 2018 (see **DH3/127-129**);

38.6.2 £45,000 from GRP during the period 30 October 2017 to 6 November 2017 (see **DH3/130**); and

38.6.3 £78,524.56 from Waterside Villages during the period 4 April 2018 to 22 May 2018 (see **DH3/131**).

38.7 Additionally, between 10 November 2017 and 14 May 2018 Elysian received the net sum of £143,702.86 from HMRC (see **DH3/132**). I understand that Elysian was the holding company for the operations carried out by Waterside Cornwall Operations Limited (company number: 10777763) in Cornwall, for which there was a group VAT registration. I believe, therefore, that receipt of this sum is indicative of trading by Elysian's subsidiaries, rather than by Elysian itself.

38.8 Funds returned by Elysian to LCF



38.9 Between 1 June 2018 and 12 June 2018, Elysian paid the sum of £140,007.60 to LCF (see **DH3/126**). Of this sum, £96,627 of these funds was paid into the LCF Bondholder Repayment & Interest Account and the balance of £17,640 was paid in to LCF Bond Account.

38.10 Conclusion for Elysian

38.11 Elysian received funds from a number of the Laundering Entities. In respect of each of the Laundering Entities from whom Elysian received funds, I have been unable to conclude with certainty that those entities themselves only received funds from LCF. This is largely as a result of the fact that L&TD (who received a total sum of £1,446,845 from Lakeview/IRML and Waterside Villages Bonds, which I have been unable to trace all the way back to LCF) has itself made payments to a number of different Laundering Entities (including GAD, GRP, PRDL (via GRP) and Waterside Villages).

38.12 I cannot, therefore, say with certainty that the funds which Elysian paid back to LCF (in the total sum of £140,007.60) were exclusively funds which originated from LCF initially. I am, however, of the view that at least some of the funds, possibly the majority, which Elysian sent back to LCF originated from LCF.

39. **PRDL**

39.1 PRDL can be distinguished from the other Laundering Entities discussed above, insofar as it *appears* to have been a trading entity as it paid, *inter alia*, salaries, and funds appear to have been deployed in respect of operational capital expenditure. However, the bank statements demonstrate that PRDL also paid monies out to its directors (which included Mr Terrence Mitchell) and entities connected to Mr Mitchell. I note that Mr Mitchell recently received a two-year custodial sentence, a fine in the sum of £175,000 and was disqualified from acting as a director of a company for 6 years as a result of his involvement in what was described as "*an elegantly packaged scam*" (see **DH3/152-153** [MDR00226935]).

39.2 PRDL was the parent company of numerous other entities, including a number of the LCF Connected Borrowers. Certain of PRDL's subsidiary companies held assets and themselves traded. I confirm that I have conducted a review of PRDL's bank statements (account number: [REDACTED]; sort code 30-84-85) and I have identified that PRDL received limited (if any) legitimate income from its subsidiaries.

39.3 Funds paid by LCF to PRDL

39.4 During the period 15 May 2018 to 23 November 2018, PRDL received the total sum of £5,930,779.42 from LCF (see **DH3/133-141**).

- 39.5 Funds paid to PRDL via other sources
- 39.6 In addition to receipt of funds from LCF, PRDL also received the following:
- 39.6.1 £50,000 from GRP on 27 October 2017 (see **DH3/I42**);
  - 39.6.2 £1,512,564 from GAD during the period 3 November 2017 and 25 May 2018 (see **DH3/I17**);
  - 39.6.3 £20,403.17 from Leisure & Tourism on 22 June 2018 (see **DH3/I43**);
  - 39.6.4 £50,000 from Lakeview/IRML during the period 3 November 2017 and 6 November 2017 (see **DH3/I44**);
  - 39.6.5 £100,000 from LV Resorts Limited during the period 26 September 2017 and 25 October 2017 (see **DH3/I45**); and
  - 39.6.6 £50,250 from Curzon Privee between 3 April 2018 and 4 April 2018 (see **DH3/I46**);
- 39.7 As noted at paragraphs 35 and 36 in relation to the flow of funds between LCF and GRP and LCF and GAD respectively, the funds which GRP and GAD received ultimately originated from LCF.
- 39.8 As set explained at paragraph 34.10 above, I have not been able to identify any evidence showing payments directly from LCF to Lakeview/IRML. However, in light of the manner in which funds were directed from LCF to various intermediary entities, it is possible that sums were paid from LCF to some other entity before being paid on to Lakeview/IRML (whereupon funds were paid on to PRDL).
- 39.9 LV Resorts Limited is a wholly owned subsidiary of PRDL. LV Resorts Limited filed dormant company accounts up to 31 March 2015. The accounts filed up to 30 September 2015 suggest that between 31 March 2015 and 30 September 2015 that its total net assets were equal to the called-up share capital of £6,750,001. The abbreviated accounts up to 24 July 2016 show no movement yet the micro-entity accounts dated 20 September 2017 show that between 24 July 2016 and 20 September 2017, the shareholders' funds were a total of £1 (with no movement between those dates).
- 39.10 Accordingly, I have seen no evidence that LV Resorts Limited was a trading entity of any substance. I have not had sight of LV Resorts Limited's bank statements and, as such, cannot say with certainty where the sum of £100,000 originated from.

39.11 I have limited information available to me in respect of Curzon Privee. However, I am aware from the PRDL bank statements that PRDL paid Curzon Privee the sum of £257,100 (see **DH3/147**).

39.12 Funds returned by PRDL to LCF

39.13 An analysis of LCF's bank statements confirm that PRDL returned the sum of £2,527,075.67 to the LCF Bondholder and Repayment Account during the period 25 October 2017 to 28 August 2018 (see **DH3/133-141**).

39.14 PRDL Conclusion

39.15 As shown above, the vast majority of the funds which PRDL received came from either from LCF or other entities which, themselves, only received funds from LCF.

39.16 It is possible that the sums received by PRDL from LV Resorts Limited (£100,000) and Curzon Privee (£50,250) were legitimate payments. However, even if these sums formed part of the onward payment by PRDL to LCF of £2,527,075.67, this still leaves a sum of £2,376,825.67 which can be traced back to LCF at source.

40. **Leisure & Tourism**

40.1 From an analysis of the bank statements for Leisure & Tourism (account number 44160360; sort code 30-92-38) I have been able to identify the following:

40.2 Funds paid by LCF to Leisure & Tourism

40.3 I have identified from Leisure & Tourism's bank statements that payments amounting to £1,739,155 were paid by LCF to Leisure & Tourism during the period 29 August 2018 to 12 November 2018 (see **DH3/150-151**).

40.4 Funds returned by Leisure & Tourism to LCF

40.5 A further analysis of the bank statements confirms that that during the period 29 August 2018 to 13 September 2018, Leisure & Tourism paid funds back to LCF amounting to £590,044.65 (see **DH3/148-149**).

40.6 Funds paid by Leisure & Tourism to PRDL

40.7 The bank statements for PRDL confirm that Leisure & Tourism made two payments to PRDL totalling £20,403.17 on 22 June 2018 (see **DH3/143**). The flow of funds from PRDL back to LCF is addressed at paragraph 39 above.

40.8 Conclusion for Leisure & Tourism

40.9 The bank statements for Leisure & Tourism indicate that at the relevant time (i.e. when Leisure & Tourism was receiving funds from and sending funds to LCF) Leisure & Tourism did not trade. Accordingly, I can conclude with a high degree of certainty that the funds which Leisure & Tourism sent back to LCF, must have been the same funds which it initially received from Leisure & Tourism.

**CONCLUSION**

- 41. As set out above and as illustrated in the pictogram at **DH/2**, it is clear that the funds which LCF was paying out to the Laundering Entities was, for the most part, being recycled through the Laundering Entities before being paid back to LCF.
- 42. In the majority of cases, the Laundering Entities did not generate monies through trading activities and, as such, there is no other conclusion to reach other than that the funds which were paid out to LCF initially, must be the same funds which were eventually returned to LCF.
- 43. In respect of L&TD, as mentioned above, I have been unable to trace the exact source of the funds which L&TD received from Lakeview/IRML and Waterside Villages Bonds (though I have drawn inferences above based on the filed accounts for these entities). Further, the amount which these two entities paid to L&TD is proportionately a very small amount of the total sums which were being washed through the LCF Ponzi Scheme (as can be seen from the pictogram at **DH/2**).
- 44. I am therefore confident that the vast majority of the funds paid by LCF to the Laundering Entities and which made their way back to LCF were ultimately funds which originated from LCF initially.

**STATEMENT OF TRUTH**

I believe that the facts stated in this witness statement are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Signed: 

Name: **David Hudson**

Date: **19 May 2023**

