1. Claimant
2. S.S. Beller
3. First
4. 12.11.10
5. Exhibit SSB 1.

IN THE HIGH COURT OF JUSTICE **Claim No: HC07C02354**

CHANCERY DIVISION

BETWEEN

LEGAL & EQUITABLE SECURITIES plc (in liquidation)

Claimant

-and-

(1) SCOT GORDON YOUNG

(2) MICHELLE DANIQUE YOUNG

Defendants

FIRST WITNESS STATEMENT OF STANLEY SHERWIN BELLER

I, **STANLEY SHERWIN BELLER**, of 20 Hocroft Road, London, NW2 2BL will say as follows:-

1. I make this statement:

(a) At the specific request of the solicitors to the claimant and as contained in their letters to me of 27 October and 3 November 2010

(b) To assist the court

(c) To avoid the issue of a witness summons against me and as threatened by the solicitors to the claimant in their letter of 27 October 2010.

2. Unless otherwise stated, the facts and matters to which I refer in this statement are within my own knowledge. Insofar as the facts and matters referred to in this statement are within my own knowledge they are true, otherwise they are true to the best of my knowledge and belief.

3. Attached hereto marked "SSB 1" is a separate bundle of documents to which I shall refer in this statement by page numbers.

4. I have previously made witness statements and affidavits in other actions in this court as follows and which contain references to some of the material I refer to herein. In particular they are as follows:

(i) Witness Statement dated 9 January 2009 in Claim Number HC07C01552 (Jirehouse Action)

(ii) Third Affidavit dated 18 February 2010 in Claim Number HC07C01552 (Jirehouse Action - contempt Proceedings v Mr & Mrs Lawrence)

(iii) Witness Statement dated 12 October 2010 in Claim Number 8300/2010 (Companies Court Application)

5. I shall now set out for ease of reference a short description of certain individuals and corporate entities to which I shall refer in this statement. In this statement I shall refer to Legal & Equitable Securities plc as "the company".

Laraine Lawrence ("Mrs Lawrence")

Mrs Lawrence is a practising barrister and from about 1985 and until 30 April 2008 Mrs Lawrence was the sole director and sole shareholder of the company. She is the wife of Harvey Neil Lawrence. I have known Mrs Lawrence since about 1972.

Harvey Neil Lawrence ("Mr Lawrence")

Mr Lawrence is the husband of Laraine Lawrence. Mr Lawrence is a Chartered Accountant and a Licensed Insolvency Practitioner. I have known Mr Lawrence since about 1972. Until 20 March 2006 when he became the company secretary of the claimant company. Mr Lawrence conducted the affairs of the company for some 24 years utilising the title "authorised bank signatory" to indicate his position within the company. In reality he was a shadow director or more probably a de facto director of the company which he controlled to the extent that he would frequently forge his wife's signature and that of the former company secretary on the company's documents and which forgeries have been admitted. Mr Lawrence is also a director of Wilshaw plc. Mr Lawrence has considerable business interests and assets in various overseas jurisdictions including the Channel Islands, Spain, South Africa, Lichtenstein, the United States and I believe more recently in Nevis and maintains a close business and professional relationship with Mr Jones. Mr Lawrence is also a long time friend and close business associate of Mr Linton (one of the Joint Liquidators of the company).

Stephen David Jones ("Mr Jones")

Mr Jones is a solicitor and in reality the principal of Jrehouse Capital. Mr Jones conducts his practice and carries on business in the UK and in various overseas jurisdictions including the United States, China, Nevis (where Mr Jones has a very close connection having drafted some of the company statutes), Luxembourg, Netherlands, Lichtenstein, Switzerland, Belgium, The Isle of Man, Guernsey and I believe in other places overseas. Mr Jones is a director of numerous companies and the director and beneficial owner of Jrehouse Capital Finance Limited. From 30 April 2008 to 19 May 2008 (for 19 days) he

was a director of the company before he placed the company into Members Voluntary Liquidation pursuant to a Declaration of Solvency made by him on 19 May 2008. At all material times Mr Jones since about 21 March 2006 has acted as solicitor to the company, Mr & Mrs Lawrence (and corporate entities belonging to them), Wilshaw plc and the Second Defendant Mr Young (who provided a Power of Attorney to Mr Jones on 29 March 2006). Mr Jones also held a Power of Attorney from the company.

Jirehouse Capital ("Jirehouse")

Jrehouse Capital is an unincorporated company and practice as solicitors from their London offices. Jrehouse have numerous subsidiary and associate companies and entities many bearing the "Jirehouse" prefix both in the United Kingdom and overseas but particularly in Nevis. Since March 2006 Jrehouse have acted for the company and Wilshaw plc. Jrehouse acted for and advised Mr Young and drafted documents for Mr Young's signature as well as acting as Mr Young's UK process serving agent. Jirehouse have in their solicitor capacity also advised approximately 10 unpaid syndicated lenders of the company (apart from Wilshaw plc). In June 2007 Jrehouse commenced proceedings in the Chancery Division of this court against me and my wife ("the Jirehouse Action") to which I shall refer later in this statement

Wilshaw plc ("Wilshaw")

Wilshaw is a public company formerly listed on AIM. At all material times Mr Lawrence has been a director thereof and Jrehouse Capital its solicitors. Wilshaw was a syndicated lender of the company and a participant in a syndicated loan by the company made in March 2006 to Mr Young of £1,995,000. Wilshaw granted Mr Jones a Power of Attorney.

Martin Henry Linton ("Mr Linton")

Mr Linton is a chartered accountant and a licensed insolvency practitioner in Leigh Adams LLP. Mr Linton is one of the two joint liquidators of the company together with

Paul Adam Weber (together "the Joint Liquidators") having been appointed on 19 May 2008 pursuant to a resolution of the shareholder of the company and to a Declaration of Solvency dated 19 May 2008 made by Mr Jones the then director of the company. Mr Linton is a close friend and long time business associate of Mr Lawrence.

Scot Gordon Young ("Mr Young")

Scott Young became a client of mine in about 1995 and he represented himself as a wealthy entrepreneur. I ceased acting for him in late March 2006 when Mr Jones commenced acting for him. Mr Jones immediately arranged for Mr Young to leave London and fly to Miami Florida (Mr Jones paid for the cost of his first class airfare). Mr Young has recently been declared bankrupt (notwithstanding that Mr Jones restructured his finances during the course of 2006/7) although Mrs Young in pending divorce proceedings maintains that Mr Young has himself or via others (including Mr Jones) secreted assets either offshore or elsewhere in order to avoid the claims of his wife and other creditors.

Michelle Danique Young ("Mrs Young")

Mrs Young is the wife of Mr Young and she entered into various Joint and several liabilities to creditors of Mr Young including the company. The company commenced this present High Court claim against Mr & Mrs Young in September 2007 and obtained default judgments for £3,521,840 on 25 September 2007 ("the Young Judgment"). No enforcement steps were ever taken by the company against Mr Young and it was only earlier this year that the company (after a delay of well over 2 years) endeavoured to enforce its default judgment as against Mrs Young. Approximately £6.56 million is now said to be due to the company from Mrs Young ("the Young Claim ") which claim was assigned on 22 September 2010 to Mr & Mrs Lawrence and Mr Jones jointly by the Joint Liquidators for an undisclosed consideration.

Guy Marshall Davis ("Mr 5ÃöÞ")

Mr Davis is the adopted son of Mr & Mrs Lawrence. Mr Davis worked for me as a Trainee Solicitor and upon qualification he was engaged by me as an Assistant Solicitor in my practice of Beller & Co. He continued to work for me in that capacity until 31 March 2006 when he left Beller & Co and commenced his own practice under the name of Guy Davis & Co. Mr Davis acted for the company in respect of the issue of the present claim and he obtained the default judgments on 25 September 2007. Mr Davis thereafter continued to act for the company in this action (and subsequently the Joint Liquidators) until at least August 2008.

Background

6. I acted for the company for a considerable period of time up until late March 2006 in connection with its legal affairs generally and in particular in relation to its lending activities. In late March 2006 I was disinstructed by the company and Mr Lawrence (with the assistance of Mr Davis) removed all the company's files and deeds and documents from my offices and Mr Davis transferred from my client account moneys held for the credit of the company then amounting to £114,318.69 notwithstanding that the company was indebted to my firm Beller & Co for the costs of substantial legal work which had been carried out on the company's behalf and was then unbilled.

7. Part of the company's business involved the making of short term loan advances to borrowers at rates of interest which were generally in the region of 2% to 4% per month. The company would utilise its own moneys for such loans and which were invariably made by the company in a principal capacity. The company obtained additional funds for its lending activities by itself borrowing money from individuals or corporate entities and to whom it paid interest. These persons and companies were known as syndicated lenders although no formal syndicate agreements were ever entered into. At no time did the company ever act as "agent" for any third party in respect of any loan transaction.

Indeed the particulars of claim in the present action reflects the fact that the company was acting as principal in making the £ 2million loan to Mr & Mrs Young.

8. Mr Young was a regular borrower from the company and who often because of the complicated nature and extent of his business activities required short term loan facilities some of which were accommodated by the company. Mr Lawrence conducted the day to day business of the company and I was in regular contact with him. Mr Lawrence was a frequent visitor to my offices. Mr Lawrence met often with Mr Young and was involved in business with him on a number of matters to which I was not privy. Sometimes meetings between Mr Lawrence and Mr Young took place in the boardroom at my former offices.

9. The company engaged in a number of loan transactions with Mr Young the terms of which would be negotiated between Mr Lawrence and Mr Young directly. When a new loan was agreed Mr Lawrence would give me (as in other instances involving other unconnected borrowers from the company) instructions to proceed with the security aspects of the proposed loan. Mr Lawrence would frequently ask me to draft the initial Facility Letter to a proposed borrower for Mr Lawrence to sign in order to save time in having such letter prepared at his own office.

The Young Loan (of £2 million)

10. Although I do not have the benefit of sight of my original file (this was removed from my office in late March 2006 by Mr Lawrence) I do recall that Mr Lawrence agreed with Mr Young to make him and Mrs Young a loan of £2 million in early September 2005. The terms of the loan negotiated by Mr Lawrence were reflected in a facility letter that I drafted for the company and which was signed by Mr Lawrence and dated 12 September 2005. A new file entitled *"Legal & Equitable Securities plc- Loan to Young"* and numbered 8262 was opened in my office on 9 September 2005. The loan was to be secured by a second charge over Wooton Place which was a property owned by Mrs Young, an assignment of the Chattels at Wooton Place and a Joint and Several

Promissory Note. I drafted these documents and which were in the standard form utilised by the company. The Facility Letter required that the loan documentation was executed by Mr & Mrs Young in the presence of an independent solicitor and witnessed by him and that such solicitor had to provide a letter to my firm to that effect. I recall that the security documentation was properly signed and witnessed and that I obtained the requisite confirmation from the solicitor. The loan was completed on 13 September 2005.

11. A ledger card was also opened for the transaction and I have looked at a copy thereof (pages 59a and b). The ledger card indicates that the sum of £2 million was credited to the client account of the company between 8 and 14 September 2005 by receipts as follows:

The Company	£140,000
Dr Gerlis	£100,000
Unique Traders SA	£ 35,000
Marcusfield	£100,000
Spurling	£100,000
G.Bean	£250,000
A.S. Green	£275,000
Cheval **	£1,000,000

*[** The funds received from Cheval were sent on behalf of Preferred Mortgages Limited].*

12. The funds of £2 million were subsequently disbursed in accordance with the instructions of the company and Mr Young.

13. Following completion I was requested by Mr Lawrence not to register the Legal Charge over Wooton Place but to protect the position by way of priority searches at the Land Registry. Mr Lawrence indicated that he had agreed this course with Mr Young in anticipation of a swift repayment of the loan by Mr Young.

14. Although I only learned some two years later of the fact that the total of the Young Loan had in fact been repaid I am able to confirm that I am aware that on 28 November 2005 the company paid back £500,000 to Preferred Mortgages Limited (page 108) and which accords with what I had been told by Mr Lawrence of the intended early repayment by Mr Young. I have no information as to what other moneys were paid by the company to those persons set out in the list at paragraph 11 of this statement but what is significant is that save for Preferred Mortgages Limited none of the persons listed has lodged a proof of debt with the Joint Liquidators claiming any loss. The Preferred Mortgages proof of debt (to which I make reference hereafter) has not been accepted (or indeed rejected) by the Joint Liquidators some 15 months after it was originally lodged.

The Liquidation

15. At an Extraordinary General meeting of the members of the above company held on 19 May 2008 a special resolution was duly passed whereby the company was wound up voluntarily and the Joint Liquidators were appointed Joint Liquidators for the purpose of such liquidation. Legal & Equitable Securities plc ("the company") was placed into Members Voluntary Liquidation.

16. On 19 May 2008 a Declaration of Solvency was made by Mr Jones in his capacity as a director of the company asserting assets of £252,038 and zero liabilities (pages 48 to 50). From information obtained by me it appears that this declaration was false as it did not properly set out the assets of the company and in particular failed to show the full extent of the liabilities of the company. Mr Jones had been appointed as a director of the company on 30 April 2008 when Jrehouse Capital Finance Ltd (a company of which Mr Jones is the beneficial owner) acquired the entire issued share capital of the company

from its then owner Mrs Lawrence (page 43). For over 2 years prior to 30 April 2008 Mr Jones had acted for the company as its solicitor via Jrehouse Capital. Mrs Lawrence was the sole director of the company until 30 April 2008 and her husband, Mr Lawrence, was secretary of the company.

The Jrehouse Action

17. By way of additional background I was a joint defendant together with my wife in a High Court claim number HC07C01552 in which Jrehouse was the major claimant ("the Jrehouse Action"). Very serious claims of fraud were made by Mr Jones against me and my wife.

18. During the course of the Jrehouse Action and in view of its tenuous financial position Jrehouse were ordered by the court to make payments into court totalling £532,000 by way of Security for Costs. The Jrehouse Action was concluded on 20 October 2009 following complete capitulation by Jrehouse and the other two claimants albeit following a successful application made by me and my wife to Mr Justice Peter Smith. At pages 17 to 20 is a copy of the Order made by Mr Justice Peter Smith and at page 22 is a copy of the Agreed Statement made by Jrehouse and the other claimants completely exonerating me and my wife from the allegations of fraud. The objective of the Jrehouse claim was to obtain judgment against me and my wife and to make me bankrupt in order to further potential claims against my professional indemnity insurers of between £15 to £20 million in respect of other clients for whom Jrehouse acted (including the company and Wilshaw and others from whom Jrehouse had obtained assignments of prospective claims against me). During the course of the Jrehouse Action and in an attempt to promote an advantageous settlement thereof Mr Jones made a proposal to me and my wife that we should engage in a conspiracy to defraud my professional indemnity insurers of up to £20 million. Mr Jones further proposed that my wife would receive 10% of any moneys recovered from the insurers. I immediately informed my insurers of this approach and my wife and I refused to engage in this unlawful proposal. If called upon I will produce the documentation evidencing Mr Jones'

proposal for the consideration of the parties in this present action and/or the court. This documentation has already been disclosed in the Jrehouse Action and Mr Jones will retain his own copies.

19. I estimate that the total costs incurred by Jrehouse (including the sums paid to me and my wife in respect of costs) in the Jrehouse Action amounted to approximately £2.4 million. I do not know whether Jrehouse has yet settled its indebtedness to its own solicitors (and to whom it owed £300,000) as it had difficulty in discharging the costs order in favour of me and my wife within the time limit imposed by the Order of 20 October 2009. In fact Jirehouse's cheque paid to our solicitors for £193,000 in respect of part payment of our costs was dishonoured on presentation and marked *"refer to drawer please represent"* (pages 50a and b). Our solicitors had to take immediate and forceful action against Jrehouse in order to achieve payment.

20. I believe from information obtained by me in the course of contempt proceedings concerning Mr & Mrs Lawrence that prior to its liquidation the company contributed between £200,000 and £500,000 to Jrehouse/Mr Jones in respect of the funding of the Jrehouse Action. Jrehouse were unable to fund the legal costs and the payments into court from its own resources and which was admitted during the course of a hearing before Mr Justice Briggs in January 2008. The precise funding contribution by the company has not been disclosed by the Joint Liquidators although I anticipate that the figure will be readily ascertainable from the financial records of the company. Such funding was no doubt provided by the company in anticipation of being able to ultimately pursue my professional indemnity insurers in respect of the value of the present claim. For that reason the company and its officers have had to maintain the charade of the existence of the present claim when in reality the Young Loan had been repaid.

The Young Action and the Young Judgment

21. Whilst investigating the assets of the company in 2008 I discovered that the company had successfully sued its alleged debtors in this present action ("the Young Action"). I endeavoured to access the court file of the Young Action and after *a Without Notice* application to the Chancery Master, I was directed to issue and serve an application on the Joint Liquidators which was effected on 25 September 2008. I fully expected at that stage that the documents requested would be freely provided by the Joint Liquidators and/or an order would be made by consent to enable the court file to be accessed. However the Joint Liquidators instructed Mr Schaffer, the senior partner of Isadore Goldman (the solicitors then acting for the claimant), to attend at the hearing of my application on 2 October 2008 before Master Bowles (at a cost to the Joint Liquidators of £1,454.06) to oppose the application at which I appeared in person. Master Bowles was scathing in his criticism of the submissions made by Mr Schaffer to prevent us from having access to the court file and pointed out to Mr Schaffer that a court judgement was a matter of public record. The Master ordered that the court file be disclosed and so that there was no further delay directed that the court office provide the requested documents to us immediately following the hearing being the *original* claim form and the judgments in the Young Action and which are pages 25 to 28.

22. The Young Judgment entered on 25 September 2007 is in the sum of £3,521,810 and I took the view that payment in respect thereof must have been made to the company (and/or its officers) prior to the year end of the company on 30 September 2007. I reached this conclusion on the basis that the 2007 accounts of the company which were signed off on 30 April 2008 (pages 29 to 47) were correctly stated by the company and its officers Mr & Mrs Lawrence. The accounts also contain a signed audit report of Fisher Sassoon & Marks, the company's auditors (pages 34 and 35). The 2007 accounts do not in accordance with Auditing Standards include the Young Judgment as an asset of the company.

23. It is inconceivable that the auditors would not have been informed by the officers of the company of the existence of the Young Judgment in the event that it truly remained

unpaid. If remaining unpaid reference would have been made thereto in the 2007 accounts. The auditors were aware from the previous accounts of the company which they audited for 2005 and 2006 that the company had received claims from numerous persons from whom the company had borrowed money and in respect of these claims had paid out in excess of £3.4 million. Hence the auditors would have undoubtedly been concerned and on enquiry as to the overall financial position of the company and anxious to ensure that the audited accounts were correctly drawn and fully accurate. Indeed Mr Lawrence (who himself is a *Registered Auditor* licensed by the Association of Chartered Certified Accountants signed the following statement in the Director's Report in the 2007 Accounts in his capacity as Company Secretary at page 33:

Statement of Disclosure to Auditor

So far as the director [Mrs Lawrence] is aware there is no relevant audit information of which the company's auditors are unaware. Additionally the director has taken all the necessary steps that she ought to have taken as director in order to make herself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

24. I did in fact raise issues concerning the accounts by way of a lengthy email to Mr Jonathan Marks of Fisher Sassoon & Marks on 11 September 2008. Mr Marks responded on the following day suggesting that I took up the matter with the Joint Liquidators and the officers of the company. Mr Marks was also the auditor to Wilshaw so he had actual and comprehensive knowledge of all relevant events in 2005, 2006 and 2007 relating both to the company and Wilshaw. Such knowledge would have included the interaction and the transactions that took place between the company and Wilshaw and which Mr Lawrence initiated in his capacity as an officer of both companies.

25. The Young Judgment does not appear in the statement of assets dated 19 May 2008 (page 50) appended to the Declaration of Solvency as an asset. Furthermore and to add to the mystery surrounding the Young Judgment no enforcement proceedings had been

taken by the company and/or the Joint Liquidators for well over 2 years (from 25 September 2007 to early 2010) to recover the amount of the Young Judgment from Mr & Mrs Young and whose combined family fortune was said according to press reports to be in the region of £400 million. I am aware that Mr Jones was in frequent communication with Mr Young from March 2006 onwards and for whom he acted as solicitor. Having regard to the fact that Mr Jones also acted for the company from March 2006 and purchased the company on 30 April 2008 it remains unclear as to why no enforcement steps were pursued by the company and/or Mr Jones in his solicitor capacity unless as the evidence indicates the Young Judgment is in fact a sham and created for the ulterior purpose of defrauding my professional indemnity insurers.

26. During the course of the contempt proceedings in the Jirehouse Action to which I have referred previously Mr and Mrs Lawrence admitted that Mr Lawrence had forged a substantial number of signatures on the company's documents in the public domain and appended to documents filed at Companies House. Mr Lawrence has also admitted forging the signature appended to the original statement of truth on the claim form dated 5 September 2007 of the claimant (page 26). I have noted that the Joint Liquidators have since re-verified the claim form and have signed a new statement of truth. The original forgery was brought to the attention of the claimant's then solicitors by my solicitors on 30 April 2010 (page 52). At that stage unknown to me the company/Joint Liquidators after a delay of over 2 years had commenced enforcement proceedings against Mrs Young only in respect of the Young Judgment. Mrs Young claimed to be unaware of the Young Action and/or the Young Judgment because the claim form had allegedly been served by post upon her at an address (Wooton Place) which she had vacated 18 months earlier. The company (via Mr Lawrence) had also removed all of her furniture from the Wooton Place property in late March 2006 pursuant to its charge thereon and the officers of the company were patently aware that she was no longer at the Wooton address in September 2007. Mrs Young applied successfully to have the Young Judgment against her set aside on 5 August 2010.

27. I have rechecked the accounts of the company and not only is the Young Judgment not recorded therein but it appears that there is no indication of the receipt or disbursement of any moneys received with regard to the chattels. The company have never accounted to Mrs Young for the chattels seised from Wooton Place or their value.

28. The whole episode is extremely baffling unless as I anticipate the Young Judgment debt had already been repaid by Mr Young to the company by virtue of Mr Young having handed over to Mr Lawrence between £3 million and £4 million in cash. Mr Young made such statement during the course of a 5 hour meeting convened by Mishcon de Reya Solicitors, at the Cumberland Hotel London W1 on 2 March 2008 in the presence of me, my wife, Mr Jones and the solicitor then acting for Jrehouse in the Jrehouse Action, Mr Dan Morrison (a partner in the firm of Mishcon de Reya). Mr Young also stated at this meeting that Mr Lawrence had removed the valuable antique furniture from Wooton Place and had never accounted for the sale proceeds. Mr Jones promised to take the matter up with Mr Lawrence when he next saw him but I heard nothing further from Mr Jones in this regard.

29. I was thus aware on 2 March 2008 that the Young Loan of 13 September 2005 had been repaid in full by Mr Young. Mr Jones (if he did not know the position already) had first hand confirmation of the repayment of the Young Loan by virtue of his presence at the meeting. This was subsequently confirmed some two months later when the company's audited accounts (for its year end 30 September 2007) were filed at Companies House on 30 April 2008. On the same day Mr Jones acquired beneficial ownership of the claimant company and it is inconceivable that a solicitor of Mr Jones' expertise and experience would not have carried out full financial and legal due diligence before his acquisition. Likewise Mr & Mrs Lawrence would have been obligated to have made full disclosure of the Young Judgment if it remained extant and unpaid both to Mr Jones (as purchaser) and to the auditors of the company. Whilst I am not aware of the consideration paid by Mr Jones it is unlikely that he paid more than a nominal amount for the shares in the company. If Mrs Lawrence thought that she was selling her shares in the company with

a then unrealised (albeit undisclosed) asset worth £3.52 million then it is implausible that the sale price of her shareholding would not have reflected the significant asset value thereof.

30. Mr Jones made his declaration of solvency less than three weeks after his acquisition namely on 19 May 2008 and he did not include therein the Young Judgment as an asset. I would also add that it is beyond belief that Mr Jones was not made aware of the Young Judgment by Mr Davis of Guy Davis & Co who acted originally for the company and who obtained the default judgments on 25 September 2007. From March 2006 onwards Mr Jones was in close contact with Mr Davis and I anticipate that Mr Davis would have informed Mr Jones of the commencement of the Young Action and that he had obtained the Young Judgment for the company. What is beyond any doubt whatsoever is that the Joint Liquidators were not made aware of the Young Judgment upon their appointment on 19 May 2008 by either Mr & Mrs Lawrence and/or Mr Jones. I do not know what investigations the Joint Liquidators subsequently carried out and what information they have now unearthed to enable them both to sign the Declaration of Truth on the re-verified Claim Form dated 11 August 2010. Despite my persistent enquiries and my considerable interest in the outcome of such investigations nothing has been revealed to me.

31. The Young Judgment debt mystery has been further heightened by recent events. On 22 September 2010 the Joint Liquidators assigned the benefit and presumably the liability of the present action jointly to Mr and Mrs Lawrence and Mr Jones. I am not aware of the consideration paid to the Joint Liquidators as I have not seen the Deed of Assignment but presumably the sum paid must be substantial to reflect the present value of the claim (approximately £7.7 million). Notice of Assignment was given by the Joint Liquidators' solicitors on 30 September 2010. (page 55). On 8 October 2010 I sought clarification and information regarding the position by letter addressed to the solicitors to the Joint Liquidators and as in earlier instances when I have sought information I have been rebuffed and met with the response that I am not entitled

thereto as I am not a creditor of the company (pages 260 and 261). The information sought by me is a matter of public record as the Joint Liquidators are obligated by statute (under Section 192 of the Insolvency Act 1986) to file at Companies House details of receipts and payments during the course of any pending liquidation and which will of course include precise details of the consideration paid on the Assignment. The actions of the Joint Liquidators in refusing to provide information in the public domain is unfortunately indicative of their conduct since their appointment.

32. The ability of the Joint Liquidators to assign the Young Action becomes even more puzzling as on or about 6 August 2008 part of the Young Judgment debt (in the sum allegedly syndicated by Unique Traders S.A., (an offshore company beneficially owned by Mr & Mrs Lawrence) was assigned by the Joint Liquidators to Jrehouse Capital Finance Limited. This assignment was not disclosed on the Liquidators Receipts and Payments Statement for the years ending 18 May 2009 or 18 May 2010 filed by the Joint Liquidators at Companies House. The consideration obtained for the assignment to Jrehouse Capital Finance Limited should have been recorded in the realisations section of the statement and noting *the Date Received, Of Whom Received, the Nature of the Asset Realised and the Amount*. The failure to provide information required by statute of this secret assignment of part of the Young Judgment further adds to the mystery. I only managed to ascertain that the part assignment took place when an attendance note of a meeting dated 12 August 2008 held at the offices of Mr Davis was produced to me earlier this year by Mr Lawrence (pages 56 to 59) during the course of the contempt proceedings. The author of the attendance note was Mr Prentice a long standing employee of Jrehouse and Legal Assistant to Mr Jones. Mr Prentice was fully conversant with events having assisted Mr Jones in all related matters in 2006 and 2007 as well as the prosecution of the Jrehouse Action. I understand that Mr Prentice even travelled to Miami to attend upon Mr Young whilst Jrehouse were acting for Mr Young. As the attendance note indicates details of the part assignment by the Joint Liquidators to Jrehouse Capital Finance Limited were provided by Mr Prentice to those present at the meeting on 12 August 2008.

33. On 4 May 2010 I referred the Joint Liquidators' solicitors to the 12 August 2008 meeting and sought information from them but my request was ignored. The existence of the Unique Traders assignment also adds to my astonishment at the Joint Liquidators ability to enter into the 22 September 2010 Assignment.

34. The outcome of the present action is of considerable importance. If it is found as a fact by the court that the Young Judgment debt does not exist and/or has been repaid by Mr Young to the company and/or Mr & Mrs Lawrence then this will have a considerable effect on the claims of certain unpaid syndicated lenders of the claimant and who will thus be able to obtain repayment of their loans to the company. The Joint Liquidators will thus be obligated to recover preferential payments made by the company prior to its liquidation and which appear according to the 2006 Audited Accounts of the company to amount to the sum of £3,445,946 as is shown at page 116. They will also have to demand repayment from Mr Lawrence of the entirety of the cash payments made to him by Mr Young and which do not appear to have been credited to the bank account of the company or provided for in the accounts of the company.

Control of the Liquidation

35. It is my belief that the Joint Liquidators have not conducted the liquidation objectively and in an independent fashion. I believe that Mr Jones and/or Jrehouse Capital control the affairs of the claimant and that Mr Jones directs the actions of the Joint Liquidators. By way of evidence of my belief Mr Jones stated in an e-mail dated Tuesday 17 June 2008 and timed at 14.14 (page 60) and sent by Mr Jones to Sandra Bonnici a syndicated lender to the claimant) and Mr Lawrence as follows:

"Jirehouse now controls Legal & Equitable Securities plc....."

In addition the assignment of the present action to Mr Jones and Mr & Mrs Lawrence for an undisclosed consideration raises serious concerns as to why the Joint Liquidators have agreed to be relieved of the major asset of the company with a present value of £ million for an undisclosed consideration. The ultimate objective of Mr Jones and Mr & Mrs

Lawrence is unknown but I can only speculate that they intend to enrich themselves to a major extent at the expense of the creditors of the company who will left with nothing on the assumption that the Joint Liquidators continue to fail to collect in the £252,038 from Imperial.

36. I also believe that Mr Jones is funding the costs of the Joint Liquidators and their legal advisers. I have reached this conclusion on the basis of enquiries that have been made and whereby it appears that the Joint Liquidators have no funds in the Liquidators Bank Account to discharge their costs and those of their solicitors. At pages 61 to 67 is a copy of the liquidators' statement of receipts and payments for the period from 19 May 2009 to 18 May 2010. These statements show receipt of £156.23 only but no disbursements whatsoever. In the usual way payment of the liquidators' costs and those of their solicitors would be set out in this account. Even the bill of the Joint Liquidators solicitors for the hearing of 2 October 2008 in the sum of £1,454.06 does not feature in the statement (68 to 71) although I anticipate that this bill has been discharged.

37. The Joint Liquidators have also failed to collect in the asset of £252,038 which is a debt said to be due from The Imperial Finance House plc ("Imperial"), a company owned by Mrs Lawrence and of which she is director and Mr Lawrence is the Secretary. Imperial, according to its filed accounts for the year ending 31 March 2009, made an after-tax profit of £150,625 during 2008/9. Imperial have not paid its £252,038 liability to the Joint Liquidators and I anticipate that the Joint Liquidators have failed to make demand in respect thereof because of the control exercised over the Joint Liquidators by Mr Lawrence and Mr Jones. It is noteworthy that Mr Jones in his capacity as a solicitor also acts for Imperial.

Indemnity contained in Deed of Settlement and Release dated 30 April 2007 ("the 2007 Deed")

38. At clause 4 (e) of the 2007 Deed the claimant indemnifies me against any claim made by a Syndicated Lender of the company against me (pages 5 and 6). I rely on this indemnity

(the Indemnity") for the purpose of my Proof of Debt and which has now been rejected by the Joint Liquidators. For the avoidance of doubt there has been no finding by a court that I am liable in fraud to any syndicated lender. The Joint Liquidators rejected my proof by their notice dated 17 September 2010 and served upon me on 23 September 2010 (pages 256 and 257).

39. I maintain that there are at present 3 separate claims that have been notified to me as follows and pursuant to which I am entitled to the benefit of the Indemnity and which I set out under the headings below.

i [redacted]

As indicated previously Mr Lawrence is a director of Wilshaw and Jrehouse are solicitors to Wilshaw. On 17 December 2008 a detailed Protocol Letter was written to me by Jrehouse a copy of which is at pages 72 to 75. I calculate that the claim of £1,193,310 with accrued interest now amounts to approximately £1,464,000. A copy of the claim letter was produced by me to my professional indemnity insures and they indicated that they were unwilling to provide cover on 19 December 2008. Such letter was produced to the Joint Liquidators' solicitors on 4 May 2009 (page 174). A further letter indicating the declinature of the Wilshaw claim was sent by my insurers direct to the Joint Liquidators solicitors on 9 April 2009 (page 77). Hence the conditions of Clause 4 (e) of the 2007 Deed were fully fulfilled and notwithstanding that Wilshaw have not commenced court action against me the Indemnity is effective. The Joint Liquidators have refused to acknowledge such position and have endeavoured consistently to refuse to recognise the Indemnity. By way of example there has been a very poor attempt to suggest that Wilshaw was not a *"Syndicated Lender"*. I have produced irrefutable evidence of Wilshaw's status. By way of example at pages 99 to 101 is a document dated 10 August 2006 drafted by Mr Jones and signed by Mr Lawrence on behalf of the company entitled Certificate *of Representation of Interests* and stated to be from the company *"on behalf of Wilshaw plc and other syndicated lenders"*. At page 98 is a document prepared by Mr Lawrence on behalf of the company bearing the

description of Wilshaw plc as a *"Syndicate Member"* which description obviously encompasses that of *syndicated lender.* The timing of the actual filing at court of a claim against me by Wilshaw appears to be at the discretion of Mr Jones and Mr Lawrence who also control the Joint Liquidators in their conduct of the liquidation. The liquidation could be concluded by the Joint Liquidators and whereby the Indemnity would be at an end. Thereafter court action could be commenced by Wilshaw after I was deprived of the benefit of the Indemnity.

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Preferred Mortgages is a syndicated lender to the company and there appears to be no challenge to their status by the Joint Liquidators. Via their solicitors Preferred Mortgages on 22 May 2009 made a claim against me for £2,080,000 (pages 106 to 108). With additional interest I calculate this claim is now in the region of £2,500,000. I notified this claim to my professional indemnity insurers who have not yet indicated whether cover has been declined although I anticipate that this will be decision reached. The position is complicated by the fact that Preferred Mortgages filed their own Proof of Debt with the Joint Liquidators on 9 August 2009. A copy of this proof (which I only managed to extract from the Joint Liquidators after threatening to issue an application to the court) is at pages 109 to 115. As at 23 September 2010 the Joint Liquidators had still not accepted the Preferred Mortgages proof (page 259). Preferred Mortgages initially contributed £1 million to the Young Loan which makes it all the more surprising that the Young Action has recently been assigned by the Joint Liquidators so as to leave the claimant devoid of its major asset. There is obviously some significance to the failure of the Joint Liquidators to adjudicate upon the Preferred Mortgages proof and which seems to be clear cut and ought to be having been accepted upon delivery in August 2009 if the Joint Liquidators truly believed that the Young Loan had not been repaid. However until the Joint Liquidators reveal their position and intent I can only speculate that the delay (as with my own proof) is tactical with the intent of achieving a significant financial advantage for Mr Jones and Mr & Mrs Lawrence to the detriment of the creditors of the claimant. From information that has recently come to

light and which the Joint Liquidators (and their solicitors) will know from their inspection of the records of the company and from information provided to them by the former officers (Mr & Mrs Lawrence and Mr Jones) the Trust Property (referred to as *"Project Moscow"* in the Deed of Trust at page 111) and which is said to secure £1 million of the Preferred Mortgages loan was sold by the claimant via Mr Jones/Jrehouse on 30 April 2007 but no payment was made to Preferred Mortgages from the moneys received by the company and which I believe were in excess of £2 million. The Joint Liquidators have not notified Preferred Mortgages of the sale of the Trust Property and/or the breach of trust which is indicative of what appears to be a conspiracy between Mr Linton, Mr Lawrence and Mr Jones to conceal this unlawful act and breach of trust.

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Despite my requests to the Joint Liquidators to circulate the syndicated lenders to the company (who I now know were at least 37 in number) to establish whether or not they wish to prove in the liquidation I am not aware that such circular has been dispatched by the Joint Liquidators although Mr Lawrence and Mr Jones must have advised the Joint Liquidators of potential claims against the claimant (and me) amounting to close to £4 million by syndicated lenders in addition to the Wilshaw and Preferred Mortgages claims. What concerns me is that Mr Jones and Mr & Mrs Lawrence appear to have reached a private arrangement with some but not all of the syndicated lenders and with the intention that those lenders make claims against me following the completion of the liquidation. The accounts of the company for y/e 30 September 2006 also reveal what appear to be preferential payments to some of the syndicated lenders of £3,445,996 (page 116). What is undoubted is that Mr Lawrence in an affidavit dated 10 December 2009 made in the course of the contempt proceedings stated as follows:

"......potential claims [of the syndicate members} still exist and remain live and amount to approx. £3,371,000 without interest"

In the circumstances although I have not personally been notified of any actual claim by any syndicated lender other than Wilshaw and Preferred Mortgages there is always a possibility that such claim(s) may be made against me at a future date and hence I must still be entitled to the benefit of the Indemnity. Accordingly I have notified such contingency to the Joint Liquidators and which ought to form part of the value of my proof. The amount of the prospective claims has not been challenged by the Joint Liquidators.

To illustrate the existence of these potential claims by syndicated lenders against me I set out the following evidence:

(a) Mr Jones (via Jrehouse Capital Finance Limited) endeavoured to persuade a number of the unpaid Syndicated Lenders to assign their claims to Jrehouse Capital Finance Limited for an initial consideration of 30p in the £ (less 3p in the £ for litigation costs). Mr Jones failed and so did the claimant and Mr & Mrs Lawrence to inform the unpaid syndicated lenders of the Indemnity given to me by the 2007 Deed. Details of the proposed assignment are set out in the documents at pages 83 to 97. On 10 May 2007 in his office Mr Jones addressed a meeting of unpaid syndicated lenders to the company and which he recorded in a minute of the meeting at pages 84 to 87. He described the unpaid syndicated lenders claims against me as:

"fully reserved and fully enforceable" and which would be

"slow to process-one was talking years not months"

I do not know how many (if any) of the unpaid syndicated lenders took up the 30p in the £ offer from Mr Jones but it was ultimately withdrawn due to Mr Jones being unable to finance the balance of the total initial payment of approximately £1,113,000 to the unpaid syndicated lenders. However what the offer and supporting documentation demonstrates is that Mr Jones was of the opinion that the claims of the unpaid syndicated lenders against me exist and there has been no subsequent withdrawal from this position by Mr Jones and in fact it has been confirmed and endorsed by Mr Lawrence in his affidavit of 10 December 2009. I anticipate that Mr Jones (or a

company controlled by him) is the likely assignee of a number of these claims by syndicated lenders and that he and Mr Lawrence jointly are able to influence other syndicated lenders in the timing of the notification of their claims to me and any subsequent commencement of proceedings.

(b) At pages 118 and 119 is a copy of an email dated 6 November 2009 from Max Steinkopf (a syndicated lender to the claimant of £200,000) and sent by him to a selection of other syndicated lenders. This document confirms that proceedings against me are still being contemplated and Mr Steinkopf interestingly confirms that he has met informally with counsel (who significantly is Mr Jonathan Crystal). Mr Crystal represents Mr & Mrs Lawrence and is also instructed by the Joint Liquidators. Mr Crystal appeared for the Joint Liquidators at a hearing in respect of an appeal brought by my wife on 21 May 2010. It is apparent that Mr Lawrence, Mr Jones, the Joint Liquidators, Mr Steinkopf and some of the syndicated lenders are closely connected and acting in concert against me. Accordingly it is likely that if the liquidation is concluded by the Joint Liquidators without acceptance of my proof of debt in relation to these potential claims by syndicated lenders and which amount to £3,731,000 plus accrued interest then such claims will be filed against me. In respect of this separate class of claims and as with the Wilshaw and Preferred Mortgages claims I would be deprived of the benefit of the Indemnity.

The refusal of the Joint Liquidators to accept my Proof from 26 May 2008 onwards

40. At pages 120 to 261 of SSB 1 is all relevant correspondence with the Joint Liquidators and their solicitors since 26 May 2008 relating to my attempts to persuade the Joint Liquidators to accept my Proof and which has been varied from time to time as claims against me became apparent and more detailed.

41. It is evident that throughout the Joint Liquidators either themselves or via their solicitors have engaged in tactics of obfuscation and delay. I have been frustrated in my efforts to obtain information from the Joint Liquidators and I have already indicated the

lengths to which the Joint Liquidators went to prevent me from obtaining access to the court file in respect of the Young Judgment.

42. I have frequently pointed out to the Joint Liquidators that they have failed to carry out any proper investigation into the assets and in particular the liabilities of the company. Early on in my letter of 15 July 2008 (page 128) I suggested that the syndicated lenders to the company be circularised to establish what claims they had as against the company and to provide me with the circulation list. In order that I in turn could notify the Joint Liquidators of any potential/contingent claims that may arise. This suggestion was ignored and despite reminders I am not aware that the syndicated lenders/potential creditors of the company were circularised.

43. I pointed out to the Joint Liquidators that I am entitled to prove in the liquidation for contingent debts pursuant to Insolvency Rule 4.94 (page 165) and to inspect proofs. I was wrongly informed on 22 April 2009 by the Joint Liquidators' solicitors that as they were not satisfied that I was a contingent creditor I was not entitled to inspect other proofs of debt (page 167).

44. On 27 April 2009 I summarised the position in detail in a seven page letter (pages 183 to 189) enclosing a bundle of documents (pages 78 to 105) supporting such summary. No proper response was received to this letter.

45. On 17 January 2010 I again requested that my proof be accepted on the basis of my concern that the Liquidation was likely to be concluded in the near future (page 193). The response received on 19 January 2010 (page195) was to request me to provided information again from Preferred Mortgages, Wilshaw and the syndicated lenders as to their respective claims against me. I replied by fax on the same day (pages 195a and 196) and subsequently in a 5 page letter on 24 January 2010 (pages 199 to 203). As is usual a limited response was received on 28 January 2010 (pages 204 and 205) which was sparse in its responses in respect of the information that I was seeking. I complained of the dilatory attitude of the Joint Liquidators. Thereafter as the correspondence

demonstrates there was more delay by the Joint Liquidators who were refusing to provide their solicitors with instructions.

46. It is clear that a contingent debt may be proved in the liquidation where the debt or liability of which the company is one in respect of the company may become subject after it enters liquidation by reason of an obligation incurred before the winding-up.

47. All contingent liabilities which may end in the payment of money are provable. The contingent debts referred to herein (being the Claims I have set out at paragraph 20) fulfil such criteria and likewise the Indemnity. I estimate the contingent claims amount at present to a sum in excess of £7.7 million. In the circumstances and in the absence of any estimate by the Joint Liquidators the court is entitled to make such estimate.

48. Accordingly I have issued an Application in the Companies Court seeking a Declaration from the court that the decision of the Joint Liquidators dated 17 September 2010 to reject my proof of debt be reversed and/or varied and that my proof is admitted for such sum as the court deems appropriate.

Statement of Truth

I believe that the facts stated in this Witness Statement are true.

Signed.....

Stanley Sherwin Beller

Dated 12 November 2010

IN THE HIGH COURT OF JUSTICE

Claim No: HC07C02354

CHANCERY DIVISION

BETWEEN

LEGAL & EQUITABLE SECURITIES plc (in liquidation)

Claimant

-and-

(1) SCOT GORDON YOUNG

(2) MICHELLE DANIQUE YOUNG

Defendants

EXHIBIT "SSB1"

This is exhibit "SSB 1" referred to in the First Witness Statement of **STANLEY SHERWIN BELLER** dated 12 November 2010