Neutral Citation Number: [2025] EWHC 2362 (Ch)

Case No: BL-2023-001306

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (Ch D)

Royal Courts of Justice, Rolls Building
Fetter Lane, London, EC4A 1NL

Date: 24 September 2025

Before:

SAIRA SALIMI
(sitting as a Deputy High Court Judge)

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Between:

Grosvenor Property Developers Limited (In Liquidation)	**Claimant**
- and –	
Portner Law Limited	**Defendant**

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Rory Brown and **Andrew Shipley** (instructed by gunnercooke llp) for the **Claimant**
Amanda Savage KC and **Isabel Barter** (instructed by Mills & Reeve) for the **Defendant**

Hearing dates: 23-27 June 2025

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Approved Judgment

This judgment was handed down remotely at 10.30am on 24 September 2025 by circulation to the parties or their representatives by e-mail and by release to the National Archives.

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SAIRA SALIMI :

Introduction

1. The Claimant brings this claim against the Defendant in respect of funds which passed through the Defendant's client account, on the basis that the Defendant dishonestly assisted in breaches of fiduciary duty by the Claimant's former directors.

2. The Claimant is a company in liquidation, acting by its joint liquidators. It was established to convert a former hotel building in Bristol into student accommodation, and obtained funds from investors for that purpose. It went into liquidation, without taking any steps to acquire or convert the building, following the fraudulent misappropriation by its sole statutory director, Jonathan England, and its *de facto* director, Sanjiv Varma, of approximately £7 million of investors' money. Both Mr Varma and Mr England have been found liable for the misappropriation in a sequence of other proceedings. Mr Varma has since also been found in contempt of court and left the country to avoid imprisonment.

3. The Defendant is a firm of solicitors, which was instructed to act by Sanjiv Varma and his son Siddhant Varma in relation to a series of property transactions. (Throughout this judgment I have referred to Sanjiv Varma as Mr Varma, and to his son as Siddhant Varma.) It is accepted by the Defendant that monies beneficially belonging to the Claimant, or their traceable proceeds, were paid into the Defendant's client account and were used in three transactions. Those transactions were:

   i) The purchase (and later transfer and sale) of Flat 54, 49 Hallam St, London W1W 6JW ("Hallam Street");

   ii) A proposed purchase of Flat 1, Green Street, London W1K 6RF ("Green Street"); and

   iii) A loan by Dare to Invest Limited of £2 million towards the purchase of 33 Charles Street, London W1X 7 PN ("Charles Street").

4. The total sum passing through the Defendant's client account across these transactions amounted to £2,399,000.

5. In each case, the allegation is that the Defendant, through Mr Daniel Broughton, the partner in the firm who worked on each of the transactions, dishonestly assisted in breaches of duty by Mr Varma and Mr England, resulting in loss to the Claimant.

6. The factual history of the transactions – the steps that were taken and payments made, when, and by whom – is not in dispute between the parties. The Defendant accepts that it is vicariously liable for Mr Broughton's actions. It also accepts that if Mr Broughton had a dishonest state of mind the steps taken by the Defendant in providing legal services would amount to dishonestly assisting Mr England's and / or Mr Varma's breaches of fiduciary duty owed to the Claimant. The Defendant denies the claim on the primary basis that Mr Broughton did not act dishonestly. In the event that Mr Broughton is found to have acted dishonestly, it argues that the Claimant has given

insufficient credit for sums already recovered in the liquidation, and that therefore the sum claimed is excessive.

7. I am very grateful for the able assistance of counsel for both parties in this matter, and particularly for their agreed summary of the chronology, which I have largely set out below as it provides the complete history of the relationship between the Defendant and the Varmas.

The legal framework

8. The test for dishonesty in the context of assistance in a breach of fiduciary duty has been extensively considered by the courts. It is set out in *Royal Brunei Airlines v Tan* [1995] 2 AC 378, in which Lord Nicholls, delivering the judgment of the court, said as follows (p.389):

"*Whatever may be the position in some criminal or other contexts (see, for instance* Reg. v Ghosh *[1982] QB 1053), in the context of the accessory liability principle acting dishonestly, or with a lack of probity, which is synonymous, means simply not acting as an honest person would in the circumstances. This is an objective standard. At first sight this may seem surprising. Honesty has a connotation of subjectivity, as distinct from the objectivity of negligence. Honesty, indeed, does have a strong subjective element in that it is a description of a type of conduct assessed in the light of what a person actually knew at the time, as distinct from what a reasonable person would have known or appreciated. Further, honesty and its counterpart dishonesty are mostly concerned with advertent conduct, not inadvertent conduct. Carelessness is not dishonesty. Thus for the most part dishonesty is to be equated with conscious impropriety. However, these subjective characteristics of honesty do not mean that individuals are free to set their own standards of honesty in particular circumstances. The standard of what constitutes honest conduct is not subjective. Honesty is not an optional scale, with higher or lower values according to the moral standards of each individual. If a person knowingly appropriates another's property, he will not escape a finding of dishonesty simply because he sees nothing wrong in such behaviour.*

In most situations there is little difficulty in identifying how an honest person would behave. Honest people do not intentionally deceive others to their detriment. Honest people do not knowingly take others' property. Unless there is a very good and compelling reason, an honest person does not participate in a transaction if he knows it involves a misapplication of trust assets to the detriment of the beneficiaries. Nor does an honest person in such a case deliberately close his eyes and ears, or deliberately not ask questions, lest he learn something he would rather not know, and then proceed regardless."

9. I was also referred to the decision of the Supreme Court in *Ivey v Genting Casinos* [2017] UKSC 67 (which deals with a question of whether the claimant's conduct constituted "cheating" at gambling or not). Lord Hughes, delivering the unanimous judgment of the court, at [74] said "*When dishonesty is in question the fact-finding tribunal must first ascertain (subjectively) the actual state of the individual's knowledge or belief as to the facts. The reasonableness or otherwise of his belief is a matter of evidence (often in practice determinative) going to whether he held the belief, but it is not an additional requirement that his belief must be reasonable: the question is whether it is genuinely held. When once his actual state of mind as to knowledge or*

belief as to facts is established, the question whether his conduct was honest or dishonest is to be determined by the fact-finder by applying the (objective) standards of ordinary decent people. There is no requirement that the defendant must appreciate that what he has done is, by those standards, dishonest."

10. *Gruppo Torras v Al-Sabah* [2001] CLC 221 concerned, among other matters, the conduct of a Spanish lawyer who had engaged in conduct which assisted a conspiracy to carry out fraud on a large scale. The judge at first instance found that he was not party to the conspiracy, but was guilty of "blind eye" dishonesty in failing to ask questions when an honest lawyer would have done so. The Court of Appeal upheld the first instance decision and said, at [112-113], "…*the judge decided that Mr Folchi was guilty of 'blind eye' dishonesty. Thus in Oakthorn I he found that Mr Folchi knew that the transaction was 'of an obviously questionable nature' and yet he did not 'at any stage [raise] any questions'. An honest Spanish lawyer 'would' have done so 'to gain a fuller understanding and assurances as to his position'. In other words the judge is saying that the failure to ask questions was dishonest not because it was negligent not to ask them, but because any honest Spanish lawyer would have done so. Put another way, he is saying that this failure on the part of Mr Folchi was deliberately dishonest. In Oakthorn II Mr Folchi's instructions 'conflicted on their face and in the most obvious way with the most fundamental of fiduciary duties, to keep private and corporate affairs and money separate' and yet Mr Folchi dishonestly (as in Oakthorn I) 'implemented his instructions unquestioningly and uncomprehendingly'. If his account is to be believed he was unquestioning and uncomprehending. That is not consistent with the judge's assessment of him as a highly intelligent business lawyer. It must follow that the judge cannot have accepted that he did fail to understand… Mr Folchi's assistance had been rendered 'regardless' of what was going on and was dishonest. In other words it had been rendered because Mr Folchi decided to have no regard to what was going on. This is 'blind eye' dishonesty*."

11. There is no suggestion in this case that Mr Broughton had actual knowledge of the underlying fraudulent misappropriation of money belonging to the Claimant. The question for me to determine is whether he is culpable to the extent of "blind eye" or "Nelsonian" dishonesty – that he had a suspicion that the transactions in which he was engaged might not be wholly proper, and deliberately failed to take steps to verify the position.

12. Drawing on the case law, and particularly the *Gruppo Torras* case, it seems to me that the appropriate test for me to apply is whether an honest solicitor with the skills and experience of Mr Broughton would have acted in the way that he did. To that extent the professional framework within which he was working is relevant, even though this is not a claim for professional negligence. That framework includes the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692 and their precursor regulations, the Law Society Anti-Money Laundering Practice Note 2013, and the Defendant's own policies on client care and money laundering from the relevant period.

13. I remind myself that negligence, even gross negligence, is not sufficient to found a claim for dishonest assistance. The Defendant also drew my attention to the dicta in *Clydesdale Bank Plc v Workman* [2016] EWCA Civ 73 (at [48] to [52]) to the effect that even acting in reckless disregard of another's possible rights is certainly strong evidence of dishonesty; but it is not the same thing, particularly because an evaluation

of circumstances such as the experience and intelligence of the defendant, and his reasons for acting, may point to a different conclusion. I have borne those dicta in mind when considering this case.

14. I heard oral evidence at the trial from Mr Atkinson, one of the joint liquidators, and from Mr Broughton.

The chronology of events

May 2016 - January 2017 Abortive acquisition of Charles Street

15. An existing client of the Defendant, Gavin Essex, was engaged in a transaction to sell Charles Street in May and June of 2016. The other party to the transaction was a new company, and Sanjiv Varma had instructed Kennedys on behalf of that company. The purchase was not completed, but Mr Broughton confirmed on 26 January 2017 that Mr Essex was still happy to deal with Mr Varma.

14 February 2017

16. Mr Essex emailed Mr Broughton to seek advice on a deal whereby the Defendant would briefly put up funds to enable a company incorporated by Mr Varma to complete a property transaction, stating "This guy is dodgy. Do you know what he's up to here??"

17. Mr Broughton replied "Blimey who knows but such a convoluted process makes me think something is not quite right!".

13 September 2017 - second proposed Charles Street purchase

18. Grosvenor PBSA Ltd, a company of which Mr Varma was the sole shareholder and director, entered a contract to buy Charles Street, with a purchase price of £7,250,000 and completion date of 12 January 2018.

18 September 2017 – Introduction to Siddhant Varma and initial instruction

19. Mr Essex informed Mr Broughton that Mr Varma was looking for a solicitor to act on behalf of his son, and Mr Varma described Siddhant Varma's profile and the Hallam Street property. Mr Broughton prepared a client care letter, met the Varmas, and opened a file for Hallam Street in the name of Siddhant Varma. He also, around this time, created an account on the Defendant's client ledger for My Casa PBSA Limited ("My Casa"), a company of whcih mr Varma was the sole shareholder and director.

21 September 2017 - 7 November 2017 – Green Street purchase

20. Mr Varma emailed Mr Broughton on 21 September 2017 to say an offer made in Siddhant Varma's name had been accepted for Flat 1, 9 Green Street. This is the first occasion on which the Defendant received misappropriated funds that were the property of the Claimant.

21. On 11 October 2017, the estate agent asked for a copy of proof of funds for "Mr Varma". Mr Broughton replied to say his client had provided him a statement from RAK Bank showing available cash funds in excess of £8 million. The statement had been provided by Mr Varma and appeared to relate to an account in Siddhant Varma's

name. The statement was very minimal, showing no transactions in or out of the account for the period, and therefore giving no clue as to the source of the funds.

22. Steps were taken to enter a period of exclusivity with the seller. The draft agreement included provisions that the buyer (and / or any other natural or corporate person/s nominated by the buyer) could acquire Green Street or buy the shares of the relevant company.

23. A £30,000 deposit was required, and that sum was paid to the Defendant's client account on 26 October 2017 from an account in the name of Casa Investments Limited, a company of which Jonathan England, statutory director of the Claimant, was the sole director and shareholder. The Claimant's case is that Mr Broughton did not make the checks and inquiries he was obliged to make given his knowledge or the suspicions he had. The Defendant's case is that Mr Broughton mistook Casa Investments for My Casa.

26 September 2017 – 25 January 2018 – Hallam Street Purchase

24. On 26 September 2017, Mr Broughton introduced himself to solicitors for the sellers of Hallam Street.

25. Mr Broughton provided Siddhant Varma with a report on the purchase on 25 October 2017, and confirmed to new solicitors for the sellers that his client was Siddhant Varma on 6 November 2017.

26. Mr Varma informed Mr Broughton that he would be sending £78,000 to exchange on 26 November 2017. That payment was also made from the Casa Investments Limited account. The Defendant's case is that if Mr Broughton thought about it at all he believed the monies were coming from My Casa.

27. There was a shortfall on the sums required to complete the purchase, with the majority of funds being provided by mortgage advance, and £291,000 was paid into the Defendant's client account by Mr Varma on 15 January 2018. Mr Broughton gave replies to the lender confirming that nobody apart from Siddhant Varma was going to contribute to the property and undertook to notify the lender of any changes to information supplied. The Claimant's case is that this was dishonest. The Defendant's is that he was "sloppy with the wording" and that he treated monies from Mr Varma, My Casa and Siddhant Varma as coming from the same 'family' pot. The parties also differ in their characterisation of Mr Broughton's advice to Siddhant Varma to provide the lender with proof of address at which he knew Siddhant Varma no longer resided because providing proof of his new address might "complicate matters". Siddhant Varma (via Mr Broughton) did in fact provide proof of his new address.

28. The purchase completed on 19 January 2018.

22 November 2017 - 25 January 2018 – use of Claimant's funds in purchase of Charles Street

29. On 21 November 2017, Siddhant Varma emailed Mr Broughton to say that further to their earlier conversation, he would be sending him £2 million as his loan to Dare to Invest Limited, a company wholly owned by him of which he was the sole director,

which was in the business of loaning money to various companies for cashflow and long term debt. He attached a copy of a certificate of incorporation for Dare to Invest Limited. Siddhant Varma noted that he would be sending by separate emails some heads of terms they were arranging with potential borrowers, for which Mr Broughton would need to prepare loan agreements and disburse the funds upon completion of legal documentation. The money was transferred on 22 November 2017. The Claimant's case is that Mr Broughton's failure to conduct source of funds checks on receipt of the £2 million was turning a blind eye to the fraudulent source of funds. Mr Broughton asserted that other information provided an adequate source of funds check.

30. The £2 million was eventually loaned to Grosvenor PBSA Limited for financing the development of Charles Street and / or the extension of leases of the property as set out in the loan agreement, although it had earlier been described by Siddhant Varma as a construction loan for Charles Street. The loan funds were then used as part of the purchase price for Charles Street and were transferred to the seller on 23 January.

26-29 November 2017 – Upper Brook Street enquiries

31. On 26 November 2017 Mr Varma wrote to Mr Broughton to say he had spoken to Gavin Essex, and that Mr Essex had agreed to put in an offer to buy property from a receiver, so that the receiver did not know Mr Varma was involved. The relevant property was the property in which Mr Varma and Siddhant Varma had been living. Mr Broughton asked Mr Essex if he was content for Mr Broughton to make this offer, and Mr Essex replied "as long as we aren't breaking any laws lol". Mr Broughton replied, "I think it is only about 5-10 year jail term so nothing too major!" and then advised in response, noting that the property would be purchased by a new SPV, and that ownership of the new SPV should be transferred to Mr Varma on exchange rather than completion. The Claimant relies on this as evidence that Mr Broughton considered it a real possibility that Mr Varma was engaged in unlawful behaviour that could place Mr Essex in difficulty. The Defendant contends that Mr Broughton's advice referring to a "5-10 year jail term" was facetious and denies that Mr Broughton had any understanding that Mr Varma might be acting unlawfully.

32. In making the offer, on 28 November 2017, Mr Broughton held out to the receiver that his offer was on behalf of Mr Essex and relied on having acted for Mr Essex in over a hundred transactions. The Claimant's case is that the offer was ultimately not on behalf of Mr Essex. The Defendant's case is that the offer would be made (in the end) by a new SPV, the precise purchasing entity in relation to a transaction may change, and this was not unusual. The Claimant characterises this as a deliberate attempt to deceive, which the Defendant disputes. The offer was not successful.

March 2018 - recommendation to Candey

33. In March 2018, Mr Varma asked Mr Broughton to recommend some solicitors, which Mr Broughton did. He recommended Richard Morris of Candey and Matthew Stubbs of KPM solicitors LLP. Mr Varma arranged to meet Mr Morris to discuss the purchase of a Bristol hotel. On 23 March 2018 Mr Morris checked that Mr Broughton did not want to act himself, which Mr Broughton confirmed on the basis that Mr Varma did not want him to act for him as well as Siddhant Varma.

27 April – 4 May 2018 – Flat 4, 10 Green Street Purchase

34. On 27 April 2018, Mr Broughton was instructed to act for Mr Varma in the purchase of a different flat in Green Street. He was asked to provide both proof of funds and source of funds. Mr Varma sent him a bank statement which was materially identical to that provided on behalf of Siddhant Varma in the original Green Street transaction, but purported to be in Mr Varma's name. The Defendant notes that six months separated those two emails, which involved two separate transactions, and Mr Broughton did not compare the two statements at the time.

35. Mr Broughton chased Mr Varma for documentary evidence that would satisfy Paul Pavlides of Chestertons as to the source of funds, and received a letter purporting to be from an accountant and, on 3 May 2018, a forwarded email from an accountant in Dubai stating that the funds were from sale of a particular plot of land in Dubai.

36. On 4 May 2018 Mr Broughton confirmed source of funds to Mr Pavlides, although he noted that it was almost certain he would be asked how the funds were acquired to purchase the plot in the first place. He continued to press Mr Varma for more details, and suggested to Chestertons that he go back to Mr Varma to ask whether he could disclose the specific address of the property which had been sold. The Defendant relies on this as demonstrating that Mr Broughton was conscious of his obligations in respect of source of funds checks. The Claimant argues that providing the confirmation before being told how the funds were acquired to purchase the plot is further evidence of a lack of probity.

6 December 2017 – Transfer of Hallam Street from Siddhant Varma to My Casa PBSA with new lender

37. On 6 December 2017, Mr Broughton was asked by Mr Varma to describe how the transfer of an asset without paying stamp duty, from a nominee to a beneficial owner, would work in relation to a prospective loan to the beneficial owner. Mr Broughton did so.

38. On 12 September 2017, Mr Broughton was sent an electronic draft version of the trust deed that had been executed, and asked to review it and provide comment. Mr Broughton sought the original signed deed from Mr Varma, and in the meantime emailed the freeholder seeking a licence to assign.

39. Mr Varma provided the executed trust deed in person on 20 December 2018, stating that Siddhant Varma held Hallam Street as nominee for My Casa. The trust deed was dated 22 January 2018, three days after completion.

40. On 21 December 2017 Mr Broughton gave undertakings and certifications to the lender in relation to the transfer, including to "immediately inform the Lender if I am instructed by the Borrower to pay the Loan Facility to any account other than the Borrower's account or the account of a solicitors' firm or CML lender".

41. The transfer was made on 14 January 2019, with funds from the lender arriving in the Defendant's client account the same day. Funds were paid out between 14 and 16 January to various parties including the Casa Investments account, Dare to Invest Limited and S Varma. The Claimant points to this immediate breach of undertakings given to the lender as evidence of willingness to act in a way that cannot be said to be honest. Mr Broughton has denied that he would sign something he knew to be untrue

but says that with hindsight he should have sent the sums to My Casa or Mr Varma directly.

19 April 2019 - 28 May 2019 – contact between the joint liquidators and the Defendant

42. The joint liquidators' solicitors (and / or the joint liquidators directly) wrote to the Defendant on 19, 23 and 29 April 2019, identifying that payments were made to the Defendant on certain dates, referencing Sanjiv Varma, and seeking information about them. On 29 April 2019, Mr Broughton responded that he had received payments on the dates identified but that "the party making the payment is not shown on our account entries as being Grosvenor Property Developers Limited".

43. On 30 April 2019, Mr Broughton informed Mr Varma that if the funds were sent by the Claimant, the joint liquidators were entitled to that information. Having received Mr Varma's instructions that the funds were not from the Claimant, Mr Broughton did not reply further to the liquidators.

44. On 28 May 2019, the joint liquidators sent the Defendant a letter before action, asserting that the payments relating to the Green Street and Hallam Street transactions had their origin in misappropriated investors' money. This included £108,000 in the Defendant's client account.

45. The joint liquidators obtained a freezing order against Mr Varma on 1 May 2019, and sent it to the Defendant on 30 July 2019.

26 April 2019 - 18 July 2019 – Sale of Hallam Street and Distribution of Proceeds of Sale

46. On 26 April 2019 Siddhant Varma emailed Mr Broughton to provide a sales memo for Hallam Street, asking him to start the exchange process with the vendor's solicitors. The price was £900,000, made up of £850,000 of property price and £50,000 for chattels.

47. On 22 May 2019, Mr Broughton was instructed by Siddhant Varma to get the exchange wrapped up as soon as possible.

48. Exchange was confirmed on 12 June 2019 at a price of £900,000. Simultaneously, a loan application secured on Hallam Street was prepared and signed by Mr Varma, which stated that the estimated value of Hallam Street was £1,050,000. The Claimant points to these simultaneous differing valuations as facts that must have prompted suspicion in Mr Broughton. Mr Broughton maintains that these were arm's length transactions in which the lender could be expected to make its own valuation. The proposed lender was sent the exchange contract showing the agreed price.

49. On 17 June 2019, Mr Broughton gave the lender certifications including that he had no reasonable grounds to believe the borrower was involved in criminal conduct or money laundering. On 26 June 2019 Mr Broughton confirmed that he had complied with duties in relation to the borrower's source of funds. The lending ultimately did not proceed. The Claimant points to these representations made after receipt of the joint liquidators' letter before action informing the Defendant that it had received misapplied funds as

further evidence of Mr Broughton's reckless disregard for the truth. The Defendant disputes this characterisation.

50. The sale of Hallam Street completed on 17 July 2019. Mr Varma instructed that the proceeds of sale be sent to another firm of solicitors, Singhania & Co.

51. On 18 July 2019 Mr Broughton sought confirmation that Singhania were instructed on behalf of My Casa and Casa Investments Ltd. That was not received, but the funds nevertheless were paid out on 19 July 2019. The Defendant's position is that he did not notice that the full confirmation was not provided. The Claimant's case is that this is not credible, given that that was the only confirmation which he sought.

52. After the monies had been paid to Singhania, Mr Broughton was asked to confirm that all appropriate anti-money laundering checks were performed to his entire satisfaction on 29 July 2019. He did not respond till 5 August 2019, when he stated instead that "according to our payment records we have not received any funds into our client account from Grosvenor Property Developers for the above property". When asked to provide details of the source of funds on the Defendant's letterhead, Mr Broughton did not do so, instead saying that Mr Varma would have the relevant bank statements showing where the funds came from and could show Singhania. The Claimant's case is that this shows Mr Broughton knew he could not provide such confirmation. The Defendant's case is that the situation had evolved and Mr Broughton did what he thought best.

29 July 2019-10 September 2019 Dealings between Sanjiv Varma, Joint Liquidators and Defendant on Files

53. On 29 July 2019, Mr Varma sought documents from Mr Broughton in relation to Hallam Street, in accordance with a court order carrying a penal notice.

54. On 30 July 2019 the joint liquidators sent Mr Broughton a copy of the freezing order made against Mr Varma, following a telephone conversation between Mr Broughton and Ms Reilly of gunnercooke llp.

55. On 1 August 2019 Mr Varma authorised the release of any conveyancing documents for the purchase and sale of Hallam Street in 2019, and provided written instruction and authority. The joint liquidators sent this to Mr Broughton on 15 August 2019. Mr Broughton was away, but replied to say that he would arrange for the file to be copied in his absence. He retrieved the file from archive and arranged for it to be copied on 2 September 2019, and provided the documents by 26 September 2019.

Application of law to facts

56. As I have already said, it is not enough for the Claimants to show that Mr Broughton was negligent, by the standards of an ordinarily competent solicitor, in his dealings with Mr Varma: they must show that he was dishonest in accordance with the legal tests set out above. The appropriate standard in this context is that of an honest solicitor with Mr Broughton's level of experience and knowledge (as in the *Gruppo Torras* case cited above).

57. It is relevant for these purposes that at the time of the transactions that are the subject of this litigation Mr Broughton was a partner in the Defendant, and was its deputy anti-money-laundering officer, responsible for providing advice to other staff of the Defendant in the absence of the anti-money-laundering officer. He had qualified as a solicitor in 2006 and had worked for the Defendant ever since that date in its Commercial and Residential Real Estate team. He was an experienced and senior solicitor who had spent his career working on property transactions, primarily but not exclusively in residential property.

58. I was extensively referred in the course of the hearing to guidance produced for the benefit of solicitors concerning the risks of money laundering, and the appropriate steps for an honest solicitor to take when taking on a new client or accepting a new instruction. Mr Broughton was, at the relevant period, the deputy anti-money-laundering officer for his firm. Although he did not accept in cross-examination that he had read the Law Society's then-applicable guidance on preventing money laundering at the time of the relevant transactions, he accepted that he would have received information about it.

59. It is undisputed that Mr Broughton's treatment of funds received from the Varmas and associated companies was not compliant with either his firm's internal policies with the money laundering guidance provided by the Law Society.

60. Mr Broughton's first knowledge of Mr Varma came with the email from Gavin Essex referred to in paragraph 16 above. The Claimant's case is that this is evidence that Mr Broughton had formed a suspicion that Mr Varma was engaged in such a process because there was something unlawful in his business practices. The Defendant denies that any such suspicion was formed, or that any such generalised suspicion is sufficient to found a case in dishonest assistance.

61. This email exchange took place some time before Mr Varma became a client of the Defendant. Mr Broughton was being asked a question by an existing client, with whom he had a long-standing relationship, about a transaction to which Mr Varma would be a party. He responded that it "sound[ed] dodgy". The Claimant invites me to infer from that that Mr Broughton was effectively on notice that Mr Varma was of dubious character before taking him on as a client.

62. I cannot put a great deal of weight on this exchange. It took place in February 2017, and the Defendant did not receive any instructions to act for Mr Varma until September 2017, when Mr Broughton was introduced to Siddhant Varma as a potential client. There would be no particular reason for Mr Broughton to recall a throwaway remark about a separate transaction involving his prospective client's father, six months after the email exchange in question. His evidence was that this was a "busy and stressful" time for the Defendant and he was working long hours, and I have no reason to doubt that evidence.

63. The evidential value of the email exchange, however, is that it shows that Mr Broughton was aware of the possibility that property transactions might not necessarily be as they appeared on the surface and might be a cover for dishonest activities.

64. An initial meeting took place with both Mr Varma and Siddhant Varma on 19 September 2017, and Mr Broughton obtained suitable evidence of identity and address, as required by the "know your client" obligations placed on solicitors as part of the anti-money laundering regulations.

65. Mr Broughton made no note of this initial meeting with the Varmas. His evidence was that it was not his practice to make file notes of meetings with clients, even though his firm's policy stated that an attendance note should be made of all client meetings. However, his recollection was that he had formed the impression that they were wealthy individuals, living in Mayfair (which was supported by the proof of address that they provided). He was unable to recall more detail of this meeting.

Green Street

66. The first transaction on which Mr Broughton was instructed was an offer on Green Street, made in Siddhant Varma's name, although Mr Broughton was aware that Mr Varma was behind the offer. Mr Broughton did not complete anti-money-laundering checks required by the Defendant: the file opening form included a tick-box next to the statement "AML Requirements Completed", but he carried out no checks beyond proof of identity. At the time, the Defendant's internal policy required a money laundering risk assessment to be carried out for new clients. The money laundering policy also set out a series of "red flags", which included, among other things, payment by way of third party cheque or money transfer, and payments made into the Defendant's client account which were followed by requests for return of funds or for the transfer of funds to a third party. Mr Broughton maintained that his initial conversation with the Varmas adequately complied with the obligation to carry out a risk assessment: in the absence of a file note he was unable to give any specific details of that conversation.

67. On 11 October 2017, the seller's agent sought confirmation of proof of funds, and asked to be sent a copy of the proof. Mr Varma sent Mr Broughton a copy of a RAK Bank statement in the name of Siddhant Varma, but requested that Mr Broughton did not share or show a copy to anyone else as it contained "personal sensitive information". The address shown on the bank statement was not the address that the Defendant held for Siddhant Varma, but a post office box in Dubai. Mr Broughton's evidence was that he saw nothing unusual in this: he did not notice that the address did not match, but even if he had done so, it would not have surprised him that his clients had addresses in other countries in addition to their UK addresses.

68. On the same day, Mr Broughton sent an email to the agent, confirming that "my client has provided me with a statement from RAK Bank showing available cash funds in excess of £8m".

69. The Claimant put to Mr Broughton in cross-examination that, although the statement could constitute proof of funds, it was not evidence of "source of funds", as the bank statement showed no movement of funds in and out of the account and gave no indication of where the money had come from. Mr Broughton's evidence was that he thought the Varmas were wealthy and that Mr Varma was funding his son's property acquisition, as a first step in Siddhant Varma's planned future career as a property developer, and therefore had no concerns about the source of funds.

70. I accept that that answer is very likely to be the truth: Mr Broughton thought at the time of his initial dealings with the Varmas that Mr Varma was a wealthy man who was funding his son's property development ambitions. However, his actual evidence for this belief was slight, and he was aware that he had not complied with the Defendant's requirements under its own policy to check the source of funds for a conveyancing transaction.

71. Following the email exchange with the seller's agent, £30,000 was paid into the Defendant's client account. That money did not come from Siddhant Varma or from Mr Varma, but from Casa Investments Limited. The sole shareholder and director of Casa Investments Limited was Mr England, who at the time was also the sole *de jure* director of the Claimant.

72. Mr Broughton acknowledged that he was aware that the money did not come from Siddhant Varma. At this point a conscientious solicitor would have made further inquiries into the source of funds. The funds were coming from a company, and whether the company was Casa Investments Limited or My Casa, it was not a company in which Siddhant Varma had an interest. Mr Broughton did not accept that he had knowledge at the time of the particular risks of conveyancing transactions, but I find this implausible in the light of the substantial material provided by the Law Society and others to solicitors at the relevant time. I also note that the Defendant had engaged consultants, Legal Eye Limited, to brief its solicitors on developments in legislation and regulation concerning money laundering, and that those consultants had initially been retained in or around 2012. Copies of emails that were circulated to Mr Broughton in 2017, containing updates on developments in anti-money-laundering practice, were included in the bundle for the hearing.

73. The email confirmation of the transfer of funds, forwarded to Mr Broughton on 26 October 2017, showed the account name as "Casa Inv". Mr Broughton's evidence was that he must have mistaken that for a reference to My Casa. If that is true, he took no steps to ensure that My Casa was authorised to make the payment or to comply with the requirements of the 2013 Law Society practice note referred to at paragraph 12 above, which advised solicitors that *"you must identify and verify the existence of the company. You should consider whether the person instructing you on behalf of the company has the authority to do so."* Mr Broughton took no steps to assure himself that My Casa had authority to make a payment to fund a deposit for a property to be acquired in the name of Siddhant Varma.

74. On 9 November 2017, it became clear that the transaction would not complete as the seller was seeking either additional funds or a shorter timeline to completion. Mr Broughton asked for account details to send the funds back to Mr Varma. £29,829.20 (the £30,000 minus a transfer fee) was paid out to an account in the name "S Varma", belonging to Siddhant Varma. Mr Broughton, therefore, did not return the funds to their original source, contrary to the Defendant's own money laundering policy.

75. It should be noted that the client care letter that had been sent to Siddhant Varma, and signed by Mr Broughton, included the following paragraph:

> "*All payments to this firm must be received from either yourself or your lender. To comply with money laundering regulations we are unable to accept monies sent by any other third party and in the event that monies are sent by any such third party we will*

not only be unable to use them but may also be unable to return them until we have received approval from the relevant authority."

76. Mr Broughton did not comply with that paragraph of the letter. Nor did he copy Siddhant Varma (the recipient of the funds) into the letter confirming the return of the funds, which is surprising considering that Siddhant Varma was ostensibly his client.

77. At the very best, Mr Broughton failed to distinguish adequately between his client, his client's father and (as he thought) a company wholly owned by his client's father, which any solicitor should have recognised were three separate persons whose interests might not be identical. He accepted in cross-examination that this was "sloppy". It was considerably worse than sloppy: it showed complete disregard for his professional obligations. In the words of the Court of Appeal in *Gruppo Torras*, Mr Broughton failed to ask questions and that failure was dishonest because any honest lawyer would have done so. Any honest conveyancing solicitor of Mr Broughton's experience would have carried out basic checks to ensure that he or she was not facilitating money laundering, given the number of parties participating in the transaction.

Charles Street

78. In parallel with the aborted acquisition of Green Street, the Charles Street transaction was taking place. On 21 November 2017, Siddhant Varma emailed Mr Broughton to say "*I will be sending to your client account £2 mil on Wednesday morning. This money is my loan to Dare to Develop Ltd* [sic] *– a company wholly owned by me and I am the sole Director. Hence the monies should be held in a separate client ledger for the company. The company is in the business of loaning money to various companies/ entities for cash flow and long term debt. I will be sending you by separate emails some heads of terms we are arranging with potentials* [sic] *borrowers – for which you will need to prepare loan agreement sand disburse the funds to the borrowers or their solicitors upon completion of legal documentation."*

79. With that email, Siddhant Varma provided a copy of the Certificate of Incorporation for Dare to Invest Ltd.

80. It is common ground that the £2 million represented funds misappropriated from the Claimant, and had come to Siddhant Varma from Mr Varma. It was not suggested before me that Siddhant Varma was complicit in the misappropriation of funds. In an earlier judgment (*Atkinson v Varma* [2020] EWHC 1963 (Ch), ICC Judge Prentis had found that Siddhant Varma, while trusting and naïve, was not complicit in his father's peculations.

81. A striking feature of the email is that the money was to be transferred to the Defendant's client account without being required for any specific transaction – the funds preceded any instructions to act in any legal matter, and no transaction was immediately contemplated at the time of the transfer. Mr Broughton did not inquire why the funds were to be held on the Defendant's client account rather than in a bank.

82. Further, Mr Broughton was not a specialist in loan finance, and was not an obvious candidate for the legal work involved in any loans for "cash flow and long term debt". One of the matters that the Law Society guidance of 2013 indicates should be treated

as a red flag for money laundering purposes is instructing a firm which is not expert in the relevant field of law.

83. Funds were transferred, and put on the Defendant's Dare to Invest client ledger, on 22 November 2017. Mr Broughton did not immediately seek any information about the source of the funds.

84. On 22 January, Siddhant Varma emailed Mr Broughton (copying Mr Varma) with an outline of the terms of a proposed loan from Dare to Invest to Grosvenor PBSA Ltd as a construction loan for Charles Street. (In the event the funds were used to purchase a lease extension for Charles Street.) Later that day, Mr Broughton emailed both the Varmas, saying "*Boodle will almost certainly ask me where the funds came from before they use them. Could you confirm the source of these funds and send me any bank account details or such like evidencing this?*".

85. The Defendant notes that there is no evidence that Boodle Hatfield did ask about the source of funds. However, it seems to me that whether Mr Broughton correctly predicted what Boodle Hatfield would ask him is irrelevant to the question of whether Mr Broughton acted dishonestly or not in his own dealings with his clients. The Claimant argued that Mr Broughton was well aware of the questions that an honest solicitor would ask, and therefore asked appropriate questions when he anticipated that another solicitor or property professional would seek information from him as the Varmas' solicitor. It seems to me that there is some force in this submission. Mr Broughton did not seek information about source of funds at the time when, with very inadequate explanation, £2 million was paid into the Defendant's client account: it was at the later date when a loan agreement involving other solicitors was in prospect that he asked for the information.

86. Mr Varma, rather than Siddhant Varma, replied to Mr Broughton's question. His explanation was that "*The money is Sid's investment into Dare to Invest Ltd – as per his investor category tier 1 visa. The money came to you from Sid's UK bank acc to you and he got the money from me as a gift – which was all approved by the Home Office – before they issued the visa.*". No documentary evidence was sent to support this assertion.

87. The Defendant submits that Mr Broughton honestly believed this explanation and that it was reasonable for him to do so, bearing in mind that Siddhant Varma himself believed his father to be a wealthy man, and it was Siddhant Varma's honest belief that the £2 million was an advance on his inheritance from his grandmother.

88. The Claimant submits that the loan arrangement should have been an immediate red flag to Mr Broughton, given that the funds were to be loaned to Grosvenor PBSA Limited, a company under Mr Varma's sole control, and therefore the transaction had a suspicious degree of circularity. They also make the point that Mr Broughton sought no documentary evidence of either the gift or the source of the funds to make it, and that any honest solicitor with knowledge of the proposed transaction would have done so.

89. I accept that Mr Broughton should have taken further steps in the circumstances, and that an honest solicitor in his position would have done so. Even allowing for the fact that he honestly believed the Varmas to be legitimately wealthy individuals, there were

features of this transaction that would have concerned an honest solicitor. He accepted Mr Varma's bare word that the funds were a gift, even though he knew that he would need to see "bank account details or such like evidencing this", and expressly said so to the Varmas. But he turned a blind eye to the absence of that evidence. He also knew that the funds had been transferred to the Defendant's client account before any transaction was contemplated, and that the proposed loan was to a company controlled by Mr Varma, but took no steps to inquire further into any of these matters.

Hallam Street

90. The third transaction in relation to which misappropriated funds passed through the Defendant's client account was the purchase of Hallam Street. Once again, money laundering checks were not completed (although Mr Broughton ticked the box on the file opening form to confirm that AML requirements had been completed). The proposed transaction was a straightforward one: Siddhant Varma wished to purchase Hallam Street to sell it or rent it out, using funds provided by his father. There was some initial uncertainty about whether the purchase would be carried out in Siddhant Varma's own name or through a company, which was resolved in favour of purchase in Siddhant Varma's name.

91. An initial payment of £78,000 for this purchase was paid into the Defendant's client account by Casa Investments Limited, so once again Mr Broughton accepted funds from a source that was not his client. Again, his evidence was that he thought the payment came from My Casa. He did not inquire into Casa Investments Limited, and therefore did not see that the company's sole director and shareholder was Jonathan England (and therefore was not his client or even closely connected with his client). Mr Broughton's evidence was that throughout his dealings with the Varmas he treated them as a single "family interest", without distinguishing at any given time whether his client was the father, the son or a company either of them controlled. Even if I accept that Mr Broughton believed that the payment was made by My Casa, this is not the conduct of an honest solicitor. It is conduct of the kind which met with severe criticism in *Grupo Torras,* in which the Court of Appeal said of Mr Folchi: "*Mr Folchi's instructions 'conflicted on their face and in the most obvious way with the most fundamental of fiduciary duties, to keep private and corporate affairs and money separate' and yet Mr Folchi dishonestly (as in Oakthorn I) 'implemented his instructions unquestioningly and uncomprehendingly'.".*

92. Mr Broughton's evidence was that he thought the funds came from My Casa "so there was no need to carry out additional checks on these funds because they were coming from my clients and/or their UK companies". That is an inadequate explanation. In this transaction, Mr Broughton's client was Siddhant Varma. I am minded to accept Mr Broughton's evidence that he failed to check the position and thought that the funds had come from My Casa. However, Siddhant Varma had no interest in that company. Mr Broughton had no evidence, and did not check, that the company making the payment was doing so on a proper basis – either that Siddhant Varma, his actual client, had authority to direct it (which he did not) or that the company's funds could be used for that transaction. Had he checked, he would have learned that Casa Investments was unconnected with his clients, but he simply had no regard to teh question of whether the company making the payment was entitled to do so.

93. The next payment, of £291,000, was made by Mr Varma on 15 January 2018. Mr Broughton's evidence was that he "treated Sanjiv and Siddhant as one unit and saw no issue with a father providing funding for his son, either personally or through a corporate vehicle." Even were I to accept that (which I do not, as an honest solicitor would have inquired into the basis on which the father was funding the son's purchase), Mr Broughton made no checks on the ultimate source of the funds.

94. Hallam Street was acquired with a mortgage, and Mr Broughton also provided information which he knew to be incorrect in his replies to the lender's enquiries on 15 January 2018. In particular, he confirmed that nobody apart from the borrower, Siddhant Varma, was "going to contribute or have an interest in the property", even though he knew that funds were being provided by a company and by Mr Varma. The question was clear: he was asked "Will anybody else, apart from the Borrower, be contributing the balance funds required to complete, or the cost of refurbishment works?".

95. Mr Broughton's explanation of this was that he "had not thought things through and was sloppy with the wording". I reject that evidence. He must have known that the information he was providing to the lender was untrue: "sloppy" cannot adequately account for treating payments made by Mr Varma and (as he thought) by My Casa as if they were made by Siddhant Varma.

96. Hallam Street was subsequently transferred to My Casa and refinanced. The Defendant, but not Mr Broughton, provided independent legal advice to Mr Varma in relation to a personal guarantee he was making to secure the liabilities of My Casa.

97. As part of the refinancing, Mr Broughton signed a certificate dated 21 December 2018 to confirm that he had acted for the borrower (My Casa) for one year and that the borrower was known to him. The instruction to apply for a licence to assign the lease of Hallam Street, which was the first instruction he had to act for My Casa, was sent to Mr Broughton on 12 December 2018. The certificate was therefore false.

98. Mr Broughton also certified that he would "immediately inform the Lender if I am instructed by the Borrower to pay the Loan Facility to any account other than the Borrower's account or the account of a solicitors' firm or CML lender". Shortly after the transfer of the mortgage funds to the Defendant's client account, the Defendant made payments of £88,302 to "Mr S Varma" (in fact the Casa Investments Ltd account), £71,400 to Dare to Invest Limited, which had had no role in the transactions, and a further £5,584.88 to S Varma marked "surplus". Those transfers were in breach of the certificate that Mr Broughton had given the lender, and he must have been aware of that. An honest solicitor would not have taken these steps. Mr Broughton acknowledged that he "should have sent the sums to My Casa PBSA or Sanjiv directly". The Defendant has no adequate explanation for his conduct.

99. In July 2019 Hallam Street was sold. By that time, Mr Broughton had been made aware of potential claims relating to the use of the Claimant's funds, having received correspondence from the Claimant's solicitors on 19 April and 28 May 2019. He approached Mr Varma seeking information about the source of funds, and correctly informed him that, if the funds originated from the Claimant, the liquidator was entitled to the information. He did not seek documentary evidence of Mr Varma's instruction

that the funds did not originate from the Claimant and did not engage substantively with the correspondence from the joint liquidators.

100. At this time he also certified to a proposed lender that he had "no knowledge, suspicion or reasonable grounds to believe" that My Casa was involved in criminal conduct or money laundering. That was, at best, naïve, given the information received from the joint liquidators of the Claimant. On the balance of probabilities, given his knowledge of the joint liquidators' inquiries, I find that he knowingly made a false statement to the lender as it is simply not credible that a solicitor of his experience would have been that naive.

101. Regrettably, the freezing order against Mr Varma was not served on the Defendant until 30 July 2019. By that time, acting on Mr Varma's instructions, Mr Broughton had transferred the surplus funds from the sale after payment of the outstanding mortgage to Singhania & Co, another firm of solicitors.

102. Before doing so, Mr Broughton sought confirmation that Singhania were instructed on behalf of My Casa and Casa Investments Limited. He did not receive the confirmation he sought but paid the money anyway. I find it incredible that, as he asserts, he simply failed to notice that he had not received the requested confirmation: it is not as if the request was part of a long sequence of questions to which Singhania was asked to respond. I do not accept that an honest solicitor in these circumstances would have behaved as Mr Broughton did. By this time he was, thanks to the correspondence from the joint liquidators, on notice that Mr Varma might have been involved in unlawful activity, and therefore had actual knowledge of facts that should have prompted further inquiry.

103. Mr Broughton's subsequent correspondence with Singhania is also unsatisfactory. Mr Sagoo, a solicitor there, asked him to confirm that the Defendant had performed "all appropriate checks in accordance with all current anti-money laundering regulations". Mr Broughton did not provide this confirmation, because he could not do so.

104. Mr Broughton also failed to co-operate with the joint liquidators in their subsequent inquiries, even following service of the freezing order made against Mr Varma. After an initial, very brief response to them (as to which see paragraph 42 above), his engagement was very limited, even though as a solicitor he had a duty to the court.

Conclusion on dishonest assistance

105. The Defendant argues that the Claimant's case is seriously flawed because a claim for blind eye dishonesty cannot be founded on suspicions that Mr Broughton "ought to have had" but did not in fact have. This seems to me to misrepresent the Claimant's arguments. As I have set out above, the Claimant has demonstrated that Mr Broughton had actual knowledge of the steps that he should, as an honest and diligent solicitor, have taken. In spite of that knowledge, and even though he communicated to his clients and others the steps that should have been taken, he repeatedly failed to obtain documentary evidence of funds and their source, and to follow up on inquiries he had made. The repeated explanation for these lapses is an acknowledgement that he was "sloppy" or "overlooked" a failure of a third party to provide information he had asked for. This is simply not credible, especially in an experienced solicitor who was also a partner.

106. The Defendant does not seek to argue that he was foolish or uncomprehending of the instructions that he was given. Such an argument would have had no prospect of success: Mr Broughton was a clear and coherent witness and accepted, with hindsight, that he had not always acted in accordance with his professional obligations.

107. He was also prepared, in his dealings with the lender on Hallam Street, to make statements that were not true, as I set out in paragraphs 94 and 95 above. That is not the conduct of an honest solicitor, and in spite of being very ably represented in these proceedings the Defendant cannot credibly argue that it was.

108. It is not my understanding of the case law in this area that, for dishonesty to be made out, the allegedly dishonest individual must have a suspicion of any specific wrongdoing. It is enough for him or her to be aware of facts that would cause an honest individual to make further inquiries, and to fail to make those inquiries without a credible reason for that failure. In this case there are no credible reasons to justify the failure.

109. The Claimant relied on other, abortive transactions, not related to the Defendant's dealings with the Claimant's funds, to show that Mr Broughton did not behave as an honest solicitor would in his work for the Varmas. This is set out in the chronology above, but I have not examined the arguments in any detail, given my findings on the transactions in which the Claimant's funds passed through the Defendant's client account. Some of the Claimant's points are overstated, giving some colour to the Defendant's argument that the case against them depends heavily on hindsight: a busy conveyancing solicitor might well not have noticed that the RAK bank statement provided to him as proof of funds was virtually identical to one provided six months earlier with another client's name on it). However, I have not relied on those points.

110. Taken together, as I have set out this sorry history, Mr Broughton's interactions with the Varmas show a pattern of disregard for his obligations as a solicitor, and repeated turning of a blind eye to obvious causes for concern. I have also found that in certain matters he was actively dishonest and made false representations concerning matters that were within his knowledge, notably in his certificate to the mortgage lender in relation to Hallam Street.

111. There are no extenuating circumstances which enable me to find that this disregard was other than dishonest. The Defendant argues that the 2017 Regulations came into force part way through the period in which Mr Broughton had dealings with the Varmas and impose stricter requirements than their predecessors. However, the Law Society practice note of 2013 to which I have referred was in place throughout the period, and was based on the precursor regulations, the Money Laundering Regulations 2007. That guidance makes plain that solicitors are a target because of their access to client money, and requires firms to have systems in place to assess and manage risk. In particular, it requires firms to conduct customer due diligence when establishing a relationship or carrying out a transaction. That includes verification of identity, which Mr Broughton did carry out in relation to the Varmas, and establishing the identity of the beneficial owner of any corporate entity. It also specifically provides that lawyers should not allow their client accounts to be used to provide banking services for their clients, and that it is reasonable for funds for a transaction to be provided by a company associated with a client provided that the client is a director of the company and has authority to use company funds for that transaction.

112. These are all matters on which the Claimant relied for their assessment of what an honest solicitor would have done in Mr Broughton's circumstances. Mr Broughton did not attempt to plead ignorance of the requirements, although he did not accept that he had detailed knowledge of them.

113. It was argued on behalf of the Defendant that there was no motive for dishonest assistance (although Ms Savage properly accepted that motive is no part of the test for dishonesty). It is true that Mr Broughton profited from the transactions using misappropriated funds only to the extent that the Defendant received fees for its legal work. However, given Mr Broughton's answers in cross-examination, it is clear that there was a pattern of behaviour that amounted to not looking too closely at clients' finances, notwithstanding his seniority and awareness of the risks of solicitors' client accounts being used to facilitate money laundering. It was his evidence that the period when he first met the Varmas was a busy and stressful time at work and he was under pressure. It was also his evidence that he never wrote client attendance notes, and that although he ticked the box to say that anti-money-laundering checks had been carried out he did not do so. I find, therefore, that he was knowingly cutting corners in the carrying out of essential checks.

114. The logic of the Defendant's argument – that in relation to each transaction the Claimants must show that Mr Broughton had a suspicion, and the nature of that suspicion, in order to demonstrate blind-eye knowledge – is that if a solicitor carries on a conveyancing practice and never seeks further information from clients to guard against money laundering and misuse of the firm's client account, then provided the solicitor is sufficiently trusting and naïve and has no actual suspicion of any client, he or she can never be guilty of dishonestly assisting a breach of fiduciary duty. I reject that logic. A solicitor, especially an experienced solicitor, cannot be said to be "honest" if he or she persistently fails to carry out basic checks on clients, even if there is no particular suspicion about any individual client: as a professional, the solicitor is aware that the purpose of the required checks is to identify attempts to use the firm for dishonest or unlawful purposes.

115. In any event, the Defendant accepted that the case law shows that "reckless disregard" for another's possible rights constitutes strong evidence of dishonesty. Mr Broughton's behaviour demonstrates such disregard for the source of the funds with which he was dealing.

116. I accept the Claimant's submission that the appropriate standard here is that of an ordinarily honest solicitor with the same degree of skill and experience as Mr Broughton. I find that such a solicitor would not have behaved as Mr Broughton did, and would have made further inquiries before engaging in the transactions in question. I therefore find that the Claimant's claims are made out, and the Defendant (being vicariously liable for Mr Broughton's actions) dishonestly assisted in a misappropriation of the Claimant's funds.

117. However, the sum to which the Claimant is entitled on this judgment is subject to the giving of appropriate credit for earlier recoveries, which is briefly discussed below.

Double recovery

118. The parties are agreed that the sum of £2,399,000 of the Claimant's funds, or traceable proceeds of the Claimant's funds, passed through the Defendant's client account. The Defendant has argued that the Claimant has not given adequate credit for funds already recovered in other proceedings, and is therefore seeking double recovery in seeking the full sum.

119. The Claimant accepts that double recovery is not permissible (subject to the point that a claimant with cumulative remedies against different parties is not required to choose between them but may obtain judgment against both, provided that the sum recovered in the aggregate does not exceed his loss) and has proposed a credit of £298,968.98 for earlier recoveries. The Defendant disputes this figure, which it argues is too low for a number of reasons.

120. The point arose very late in the proceedings: it was taken by way of amendment of the Defence a matter of weeks before the trial, and had not previously been raised. The Defendant also made a Part 18 request, to which the Claimant responded, but there was no witness evidence on quantum before me.

121. It is the Claimant's position that the question of credit to avoid double recovery can be dealt with as one of the matters consequential on this judgment. The Defendants argue that I am required to determine this issue in this judgment, as no split trial was ordered as between liability and quantum. It cites, as authority for that proposition, *Otkritie International Investment Management & Ors v Urumov & Ors* [2014] EWHC 755 (Comm). That judgment is itself Eder J's written judgment resulting from a consequential hearing, following his judgment in the main proceedings. The court, at [10], rejects the proposition that a claimant is entitled to judgment for the full amount against each defendant (although it allows for the possibility that such an approach would be justifiable, or at least unexceptionable, in some circumstances), and says "*However, in the ordinary course, it seems to me that if relevant recoveries are made prior to judgment they operate to reduce the damage suffered by the claimant and thereby reduce the amount of any judgment that the claimant is entitled to. I accept that this is not necessarily a hard-and-fast rule; but in the circumstances of the present case, I am persuaded that that is the appropriate course.*"

122. I accept this proposition but reject the suggestion that it requires me to determine the appropriate credit to be given as part of this judgment rather than assessing it as part of any consequentials hearing (to the extent that it cannot be agreed between the parties on further discussions). The parties will therefore be invited to make further submissions on the appropriate sum to be recovered following this judgment.