

Claimant

Paul Careless

Fifth Witness Statement

26 April 2024

Claim No. BL-2020-001343

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

BETWEEN:

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

Claimants

-and-

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

Defendants

FIFTH WITNESS STATEMENT
OF PAUL JAMES CARELESS

I, **PAUL JAMES CARELESS**, of [REDACTED] Coln Waters, Lechlade, [REDACTED],
WILL SAY as follows:

A. INTRODUCTION

- 1 I am Paul James Careless and I am the Fifth Defendant in these proceedings. I have been a Director of the Sixth Defendant, Surge Financial Limited with Company Number 09395654 ("**Surge**") since 7 July 2017. I make this statement in support of my and Surge's (the "**Surge Defendants**") Defence of these proceedings brought by the administrators of London Capital & Finance PLC ("**LCF**") and London Oil and Gas Limited ("**LOG**"), and specifically in response to the new allegation pertaining to the Surge Defendants knowledge of fraud (the "**New Allegation**") contained within the Claimants' Re-Re-Re-Amended Particulars of Claim (the "**RRRAPOC**") at paragraph 42(5)(iv)B. regarding the "*plan to buy a property on the Isle of Wight*" (the "**IOW opportunity**").
- 2 Except where I indicate to the contrary, the facts and matters within this statement are within my knowledge and are true to the best of my knowledge and belief. Where the facts are not within my own knowledge, I identify my sources of information or belief.
- 3 Exhibited to this statement is a list of the documents I have been referred to for the purpose of providing the evidence set out in this statement. These are documents that the Claimants have referred to in their written opening submissions dated 15 December 2023. Where I refer to documents in this statement, they are to documents in that list and will be identified by the document numbers set out in that list, which I am informed by the Surge Defendants' solicitors, Kingsley Napley LLP, correspond to the bates numbers allocated to the relevant parties' disclosed documents.

B. IOW OPPORTUNITY

- 4 The Claimants now allege that I was involved in a plan to buy a property on the Isle of Wight for £2.5M before immediately re-selling it to Prime Resort Development Limited ("**Prime**") at an inflated price of £5M, and then splitting the £2.5M gain between myself Spencer Golding ("**Spencer**") and John Russell-Murphy ("**JRM**"). The Claimants also allege that I was aware that Prime would borrow the purchase monies of £5M from LCF, resulting in us receiving £2.5M of LCF Bondholder Monies. The deal never went ahead. I do not think the price was inflated. It was a development opportunity that one of my companies was unable to take up. Instead we (and as I explain below mainly JRM) sought to pass the development on to Prime. I knew that Prime would be borrowing money from LCF but I did not think there was anything improper or unusual about this. Prime could not raise the money once the FCA intervened with LCF.
- 5 View Property Group Limited ("**VPG**") is a private limited company set up by myself, Stephen Jones ("**Steve**") and Mark Partridge ("**Mark**") on 3 July 2017. Jeremy Eastell ("**Jerry**") and Matthew Hallam ("**Matt**") (my cousin) were also appointed as directors on 17 April 2018. VPG is a property development firm.
- 6 VPG was routinely presented with various property opportunities. Whilst I was a director at the relevant time and am the ultimate beneficial owner of VPG, the day to day operation of VPG, including deal evaluations, was conducted by Matt, who is a qualified quantity surveyor, alongside his team which included Matthew Hodgson and Jerry. It was this team that assessed and managed property pitches.
- 7 The IOW opportunity was initially introduced to VPG by property agency Mishon Mackay, based in Brighton and Hove, who routinely presented VPG with opportunities.

I do not recall exactly when, but the documents, primarily a slide deck presenting the opportunity, indicates that it was around August 2018. I see that there are three slightly different presentations. I cannot now recall which one was used in the presentation.

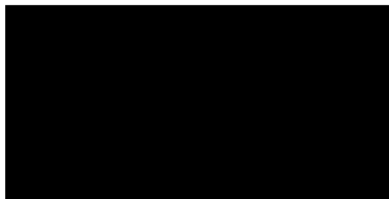
- 8 The VPG team agreed that the IOW opportunity was not right for VPG because it would have been a very big development project, and VPG were already looking at a big project called St Catherines. I cannot recall exactly but I think it is likely that after this presentation I would have discussed the deal with my team at Surge, that is with Kerry, JRM and Steve Jones. I think that JRM thought it would suit Prime as their business model was the development of resorts. JRM worked with VPG on this particular purchase with Matt Hodgson who he had known for many years prior. The presentation I had seen suggested that there was a significant overall profit obtainable following the development of the site which I see from the slides was £10 million.
- 9 As is common in the property development industry, the practice of acquiring and flipping properties prior to obtaining planning permission, or capitalising on distressed assets, was standard and part of VPG's operational remit. It was within this context that the deal was evaluated and pursued by VPG's team. After the slide presentation I did not have much to do with the details of the possible deal. It was something that JRM worked on. I knew it was an opportunity and I was keen for Surge to take it if it could. I recall (and am also reminded by seeing D7D9-0007646) that Mishon Mackay had made clear to us (that it to the team at VPG) that the sellers were keen to secure a quick sale and would reduce their asking price as a result. I cannot recall now why the sellers wanted to sell quickly and that is something I may not have know in detail at the time.
- 10 At the outset, the IOW opportunity associated with Prime did not significantly engage my attention or concern. I can see from the disclosure that at one point we had considered doing a bond for Prime. But I should make clear that is not something I can remember – it is something I have seen in the documents that I have looked at recently. My understanding was that Prime had a financial relationship with Spencer and Elten, whom I knew as an introducer to my primary business, Surge, and to me personally. I did not harbour any suspicion of fraudulent activity when it was first proposed, as I thought Prime was just another borrower of LCF in what seemed to be standard business transactions at arm's length.
- 11 My portfolio of companies had grown by December 2018, comprising multiple enterprises and over a hundred employees, which necessitated delegation of responsibilities. Hence, my engagement with VPG was minimal, reflecting the trust and autonomy I placed in Matt Hallam's team. Although I was excited about the potential for profit from the IOW opportunity, my primary focus remained on Surge's broader business challenges. I should also make clear that the profit in any IOW deal would not have come to me personally. It would have gone to VPG and then to Surge. I would of course have benefited from that either directly or indirectly as a result of the growth of Surge.
- 12 Kerry Venn ("**Kerry**"), my business partner, and I had agreed in principle to explore the IOW opportunity. However, after discussions with Kerry, it became clear that we were not going to do this deal because Prime was not going to be able to fund the deal without the benefit of lending from LCF. However, I continued to encourage JRM to explore the IOW opportunity even after I had decided it was not for me. I cannot recall exactly why I let it run but I do know that I had decided not to complete the deal.

- 13 The communication sent to Paul Crawford at NPI was crafted by Kerry during a period when I was with my pregnant wife in hospital arranging a C-section. The urgency and gravity of the situation meant that I would have just copied and pasted the email and sent it with minimal review or changes. I have only re-read it recently.

STATEMENT OF TRUTH

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

Signed:



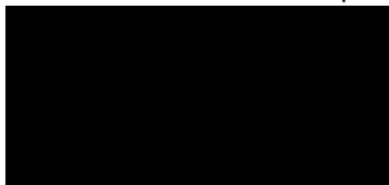
Name: PAUL JAMES CARELESS

Dated: 26 April 2024

Confirmation of Compliance (PD 57AC, para 4.1)

I understand that the purpose of this witness statement is to set out matters of fact of which I have personal knowledge. I understand that it is not my function to argue the case, either generally or on particular points, or to take the court through the documents in the case. This witness statement sets out only my personal knowledge and recollection, in my own words. On points that I understand to be important in the case, I have stated honestly (a) how well I recall matters and (b) whether my memory has been refreshed by considering documents, if so how and when. I have not been asked or encouraged by anyone to include in this statement anything that is not my own account, to the best of my ability and recollection, of events I witnessed or matters of which I have personal knowledge.

Signed:



Name: PAUL JAMES CARELESS

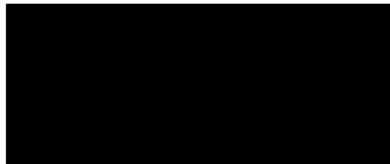
Dated: 26 April 2024

Certificate of Compliance (PD 57AC, para 4.3)

I hereby certify that:

1. I am the relevant legal representative within the meaning of Practice Direction 57AC.
2. I am satisfied that the purpose and proper content of trial witness statements, and proper practice in relation to their preparation, including the witness confirmation required by paragraph 4.1 of Practice Direction 57AC, have been discussed with and explained to Paul Careless.
3. I believe this trial witness statement complies with Practice Direction 57AC and paragraphs 18.1 and 18.2 of Practice Direction 32, and that it has been prepared in accordance with the Statement of Best Practice contained in the Appendix to Practice Direction 57AC.

Signed:

A black rectangular box redacting the signature of William Christopher.

Name: WILLIAM CHRISTOPHER

Position: Partner, Kingsley Napley LLP

Dated: 26 April 2023

Annex 1: List of Documents (PD 57AC, para 3.2)

Bates Document Reference
SUR00119305-0001
D7D9-0007627
D7D9-0007753
D7D9-0007646
D7D9-0007663
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