Neutral Citation Number: [2025] EWHC 10 (KB)

Case No: KB-2023-001116

IN THE HIGH COURT OF JUSTICE
KING'S BENCH DIVISION

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 03/01/2025

Before :

MR JUSTICE MOULD

- -

Between :

DIRECTOR OF PUBLIC PROSECUTIONS **Claimant**

- and –

ALEXANDER SURIN **Defendant**

- -
- -

MARTIN EVANS KC and **TOM RAINSBURY** (instructed by **Crown Prosecution Service**)
for the **Claimant**
STUART CAKEBREAD and **JULIETTE LEVY** (instructed by **Cerulean Chambers Ltd**)
for the **Defendant**

Hearing dates: 15th and 16th July 2024

- -

Approved Judgment

This judgment was handed down remotely at 2pm on Friday 3rd January 2025 by circulation to the parties or their representatives by e-mail and by release to the National Archives.

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THE HONOURABLE MR JUSTICE MOULD

MR JUSTICE MOULD :

Introduction

1. This is an application made by the Claimant for summary judgement under CPR 24.2 in a Part 8 claim for a recovery order to be made under section 266 of the Proceeds of Crime Act 2002 **['POCA']**. The Claimant is an enforcement authority which is entitled to bring proceedings in the High Court for a recovery order under section 243 of POCA. By this claim, the Claimant seeks an order for recovery of 78.22545 Bitcoin **['the property']** which is held in a wallet associated with an account **['the Account']** operated by Coinbase Ascending Markets Kenya Limited **['Coinbase']** and opened on 5 June 2020. The Account is held by the Defendant. At the date of the hearing before me, the property was said to have a value of approximately £3.5M.

2. On 28 June 2022 on an application made by the Claimant without notice, Morris J made a Property Freezing Order under section 245A of POCA **['the freezing order']** in respect of the property. The Claimant served the freezing order on the Defendant by email in accordance with its terms. The Claimant then carried out a civil recovery investigation into the Defendant. During that process, the Claimant applied under section 345 of POCA for a production order against Coinbase requiring the production of ledgers, details of money and other transactions that may identify assets held by the Defendant. On 12 September 2022 Cotter J made a production order. On 24th February 2023 the Claimant issued this claim in accordance with CPR Part 8 seeking a civil recovery order in respect of the property pursuant to section 243 of POCA.

The application for summary judgment

3. The Claimant's application for summary judgment founds upon the contention that there is a good arguable case on the evidence provided in support of the claim that the property was obtained by unlawful conduct and is therefore recoverable property within the meaning of section 304 of POCA. The Claimant contends that the property was obtained by the criminal activities of the Defendant and his associates who are involved in the illegal supply of controlled drugs and money laundering. The Claimant further contends that the evidence belatedly filed by the Defendant does not establish that he enjoys any realistic prospect of defending the claim.

4. The Defendant contends that the Claimant's evidence does no more than establish, at best, a barely arguable case that the property is recoverable property. In any event, the Defendant says that the evidence before the court shows that he has a realistic prospect of defending the Part 8 claim. His case is that he received the property in the Account in the course of his legitimate trading activities in gold bullion, luxury watches and motor cars which he carries on from his base in Dubai, where he has resided since 2011. He submits that the proper course is for the court to dismiss the application and give directions for trial of the claim, which should proceed under CPR Part 7 as there are substantial disputes of fact for the resolution of which the Part 8 procedure is inappropriate.

Summary judgment – the principles upon which the court acts

5. By CPR 24.3, the court may give summary judgment against a defendant on the whole or any part of a claim if (a) it considers that the defendant has no real prospect of

succeeding on its defence; and (b) there is no other compelling reason why the case should be disposed of at trial. Summary judgment under CPR 24.2 is available in a civil recovery claim: see Director of Asset Recovery Agency v Woodstock [2006] EWCA Civ at [3].

6. The principles to be applied in deciding an application for summary judgment under CPR 24.2 were stated by Lewison J at [15] in Easyair Limited v Opal Telecom Limited [2009] EWHC 339 (Ch) (in a formulation approved by the Court of Appeal at [24] in AC Ward and Sons Limited v Catlin (Five) Limited [2009] EWCA Civ 1098). The overall burden rests on the applicant to establish that there are grounds to believe that the respondent has no real prospect of success and that there is no other reason for a trial.

7. The principles were summarised as follows by Stuart-Smith J at [13] in Sainsbury's Supermarkets Limited v Condek Holdings Limited [2014] EWHC 2016 (TCC) –

"The standard of proof is high. The phrase "no real prospect of succeeding" in CPR 24.2 is explained as meaning that the respondent must have a case which is better than merely arguable. Evidence is admissible on an application for summary judgment, with the overall burden of proof resting on the applicant. If the applicant adduces credible evidence in support of the application, the respondent comes under an evidential burden of proving some real prospect of success or some other reason for having a trial. In deciding whether the respondent has some real prospect of success the court should not apply the standard which would be applicable at trial, namely the balance of probabilities, to the evidence presented: and on an application for summary judgment the court should consider the evidence that could reasonably be expected to be available at trial. However, the court is not required simply to take all evidence at face value or to accept without question any assertion that may be made: the question is whether the respondent's case carries some degree of conviction".

Procedural history

8. The Claimant issued the claim under CPR Part 8 on 24 March 2023. Evidence in support of the claim is given by Detective Constable Andrew Cotton, an Accredited Financial Investigator in the East Midlands Special Operation Unit, in his Third Witness Statement signed on 23 February 2023 **['Cotton 1']**.

9. On 31 March 2023, the Defendant served on the Claimant an Acknowledgement of Service stating his intention to defend the claim. The Defendant disputed jurisdiction and the Claimant's reliance on the Part 8 procedure, arguing that the claim should have been brought under CPR Part 7. The Defendant stated his intention to rely on written evidence to be filed within 14 days. No such written evidence was filed by the Defendant.

10. On 11 July 2023, the Claimant made his application for summary judgment under CPR 24.2. Evidence in support of the application was provided by the Claimant's solicitor, Andrew Logan, in his First Witness Statement signed on 11 July 2023 **['Logan 1']**. In paragraphs 33.1 to 33.17 of his witness statement, Mr Logan gives an account of communications with the Defendant between 31 March 2023 and 13 June 2023 in which the Defendant indicated that he intended to file evidence and the Claimant's

solicitors indicated their willingness to agree to extensions of time for that purpose. By 11 July 2023, however, the Defendant had not filed or served his evidence.

11. On 7 December 2023, the court held a hearing for directions. Both parties were represented by counsel. Master Gidden made an order adjourning the Claimant's application for summary judgment and debarring the Defendant from defending the claim unless the Defendant served his evidence in response to the claim by 4pm on 11 January 2024. I am told that Master Gidden observed that the Defendant was in *"the last chance saloon"*.

12. On 9 January 2024 the Defendant served his first witness statement **['Surin 1']**. The Defendant failed to state his address, an omission which he corrected in his second witness statement, signed on 28 February 2024, giving his residential address in Dubai, UAE.

13. On 7 February 2024, the Claimant served the fourth witness statement of Andrew Cotton **['Cotton 4']** in response to the Defendant's evidence.

14. On 16 February 2024 Master Gidden made an order giving directions for listing the hearing of the Claimant's application for summary judgment. No direction was given for either party to file and serve further evidence.

15. The hearing of the Claimant's application was listed for 15 July 2024, with a time estimate of 1.5 days.

16. On 4 July 2024, the Defendant filed an application under CPR Part 24 to strike out the Claimant's Part 8 claim. The application notice stated that the Defendant relied upon a third witness statement signed by the Defendant on 2 July 2024 **['Surin 3']** and a first witness statement of Paresh Rawal **['Rawal 1']** also signed on 2 July 2024 in support of his application. On 4 July 2024, the Claimant served a fifth witness statement of Andrew Cotton **['Cotton 5']** correcting an inconsistency between Cotton 3 and Cotton 4 which the Defendant had identified in Surin 3.

Civil Recovery Orders – Legal Framework

17. The purpose of the powers created under Part 5 of POCA is to enable the Claimant as enforcement authority to bring civil proceedings for the recovery of property which is, or represents, property obtained through unlawful conduct: section 240(1) of POCA. Such property is recoverable property: section 304(1) of POCA. The powers may be exercised in relation to any property (including cash) whether or not any proceedings have been brought for an offence in connection with the property: section 240(2) of POCA.

Cryptocurrency

18. In Director of Public Prosecutions v Briedis [2021] EWHC 3155 (Admin) at [10], Fordham J held that cryptocurrency falls within the wide definition of *"property"* in section 316 of POCA: in particular, section 316(4)(c) which includes *"things in action and other intangible or incorporeal property"* within the definition of *"all property wherever situated"*.

Recoverable property

19. Section 243(1) of POCA empowers the Claimant as enforcement authority to take proceedings in this court against any person whom the Claimant thinks holds recoverable property. The Claimant is required to serve the claim form on the respondent, wherever domiciled, resident or present: section 243(2) of POCA. Such proceedings must be brought using the CPR Part 8 procedure: see paragraph 4.2 of the Practice Direction "Civil Recovery Proceedings".

20. Before beginning such proceedings, the Claimant will usually conduct a civil recovery investigation, whose function is to identify criminal cash and to trace it into any property into which it has been converted, rather than to establish the criminal conduct of any particular individual. Recoverable property obtained through unlawful conduct may be followed into the hands of a person obtaining it on a disposal by either the person who through the conduct obtained the property or a person into whose hands it may be followed: section 304(3) of POCA.

21. Section 305 of POCA enables recoverable property to be traced. Where property obtained through unlawful conduct is or has been recoverable, property which represents that original property is also recoverable property. When a person enters into a transaction by which he disposes of recoverable property, whether the original property or property which represents that property, and he obtains other property in place of it, the other property represents the original property. If a person disposes of recoverable property which represents the original property, the property may be followed into the hands of the person who obtains it and continues to represent the original property. The recovery of profits is permitted by section 307 of POCA, where a person who has recoverable property obtains further property consisting of profits accruing in respect of the recoverable property. In such a case, the further property is to be treated as representing the property obtained through unlawful conduct.

Dual criminality

22. Conduct occurring in any part of the United Kingdom is unlawful conduct if it is unlawful under the criminal law of that part. Conduct which occurs in a country outside the UK and is unlawful under the criminal law applying to that country and, if it occurred in the UK would be unlawful under the criminal law, is also unlawful conduct: section 241 of POCA.

The need for a United Kingdom connection

23. This court may make a recovery order in respect of property wherever it is situated and of a person wherever they are domiciled, resident or present. However, such an order may not be made in respect of property that is outside the United Kingdom unless there is or has been a connection between the case and the UK: see section 282A(1)(2) of POCA. Schedule 7A to POCA includes the following provisions in relation to what amounts to a *"connection"* –

"5(1) There is or has been a connection where a person described in sub-paragraph (2) –

(a) is linked to the relevant part of the United Kingdom,

…

(2) Those persons are –

(a) a person whose conduct was, or was part of, the unlawful conduct;

…

(c) a person who holds the property in question;

(d) a person who has held the property in question, but only if it was recoverable property in relation to the unlawful conduct at the time;

(e) a person who holds other property that is recoverable property in relation to the unlawful conduct;

…

(3) A person is linked to the relevant part of the United Kingdom if the person is –

(a) a British citizen,

…".

Recovery orders

24. If on a claim for a recovery order this court is satisfied that any property is recoverable, the court must make a recovery order vesting the recoverable property in the trustee for civil recovery: section 266(1)(2) of POCA. However, the court may not make a recovery order in respect of any recoverable property if each of the conditions in section 266(4) is met and it would not be just and equitable to do so. Nor may the court make in any recovery order any provision which is incompatible with any of the Convention rights within the meaning of the Human Rights Act 1998. The section 266(4) conditions are as follows -

"(a) the respondent obtained the recoverable property in good faith,

(b) he took steps after obtaining the property which he would not have taken if he had not obtained it or he took steps before obtaining the property which he would not have taken if he had not believed he was going to obtain it,

(c) when he took the steps, he had no notice that the property was recoverable,

(d) if a recovery order were made in respect of the property, it would, by reason of the steps, be detrimental to him".

The court's approach

25. A helpful summary of the approach which this court should adopt in proceedings for a recovery order was given by Silber J at [22]-[24] in R (Serious Organised Crime Agency) v Wang [2011] EWHC 4100 (Admin) –

"22. The courts have adopted a fairly liberal approach to determining how matters should be proved. In Serious Organised Crime Agency v Gale [2009] EWHC 1015 (QB), Mr Justice Griffith Williams said at paragraph 14:

> *"14. ... While a claim for civil recovery may not be sustained solely upon the basis that a respondent has no identifiable lawful income to warrant his lifestyle, the absence of any evidence to explain that lifestyle may provide the answer because the inference may be drawn from the failure to provide an explanation or from an explanation which was untruthful (and deliberately so) that the source was unlawful."*

23. This reflects the views that have been earlier expressed by Mr Justice King in Director of Assets Recovery Agency v Jackson [2007] EWHC 2553 (QB), where he said at paragraph 115:

> *"115. All those approaches as well as that of Mr Justice Langley in Director of Assets Recovery Agency v Oliputan [2007] EWHC 162 (QB), where he said courts could infer a defendant's significant property derived from unlawful conduct of a specified kind without having to conduct a tracing exercise in relation to each property."*

24. In my view, this approach is clearly correct because it must not be forgotten that these applications are usually made against fraudsters who will go to enormous length to intermingle monies from different wrongful activities which would make a tracing exercise extremely cumbersome and, in my view, unnecessary. It is also worthwhile pointing out that in Section 266(1) of the 2002 Act it explains to the court that if, in proceedings for civil recovery, 'the court is satisfied that any property is recoverable, the court must make a recovery order."

26. In Serious Organised Crime Agency v Namli [2013] EWHC 1200 (QB), Males J considered the inferences that may properly be drawn in a claim for civil recovery of property which is based upon alleged money laundering. At [46]-[49], Males J said –

"46. I accept that there is no burden on the defendants, and that the burden of proving that the property in question is or represents the proceeds of unlawful conduct is on [the claimant]. However… it is for the court to decide on the balance of probabilities whether the matters alleged to constitute unlawful conduct have been proved; that the court must consider the totality of the evidence; and that it may take a common sense approach to the inferences which may be drawn from a failure to provide an explanation, the giving of an untruthful explanation, or a failure by a defendant to keep the usual records which an honest man would be expected to keep.

47. The drawing of inferences may be particularly relevant when the unlawful conduct relied on consists of money laundering…

48. Whether an adverse inference is appropriate will inevitably depend upon the detailed circumstances of each individual case. But, in an appropriate case, it is clear that such an inference can properly be drawn from a failure to provide an explanation of apparently suspicious dealings and that doing so does not involve in an inadvertent reversal of the burden of proof…

49. Putting this in crude terms, and not forgetting [the claimant's] burden of proof, if a transaction looks like money laundering and has not been satisfactorily explained by a defendant who ought to be in a position to explain it if there is an innocent explanation, that is probably what it is".

27. In Serious Organised Crime Agency v Pelekanos [2009] EWHC 2307 (QB) at [36], Hamblen J relied upon the following observations by King J at [118]-[119] in Director of Assets Recovery Agency v Jackson [2007] EWHC 2553 (QB) –

"118. I also consider that the court is entitled to take a common sense approach to the inferences to be drawn from the manner in which the respondent chose to store his accumulated cash and from the failure of the respondent to keep any business records in the context of the evidence as a whole..

119. Equally… one would expect any successful law abiding businessman to keep some sort of record no matter how simple, of what he was buying, what he was selling and the amounts of his overheads - if only to work out the sort of profit he was making and which were his most profitable items. The criminal dealer in, for example, illicit drugs will of course eschew any record by which his activities might be detectable."

Should the Defendant be permitted to rely on Surin 3 and Rawal 1?

28. Before turning to the substance of the Claimant's application for summary judgment, there is the question whether I should admit and allow the Defendant to rely upon Surin 3 and Rawal 1.

29. As required by paragraph 4.1 of the Practice Direction "Civil Recovery Proceedings", this claim for a recovery order was made using the procedure under CPR Part 8. Although in his Acknowledgment of Service, the Defendant had contended that the claim needed to be heard under CPR Part 7, that issue was apparently not raised on his behalf before Master Gidden at the hearing on 7 December 2023. The claim therefore proceeded as a Part 8 claim.

30. CPR 8.5 states the rules for filing and service of evidence in Part 8 claims. Rule 8.5(3) states –

"A defendant who wishes to rely on written evidence must file it when they file their acknowledgement of service."

31. As I have already said, although in his Acknowledgement of Service served on 31 March 2023 the Defendant stated that he intended to rely on written evidence to be filed within 14 days, no evidence was filed or served by the Defendant within that period. Moreover the Defendant did not file or serve any evidence in response to the claim in the period prior to the hearing before Master Gidden on 7 December 2023. In was in the context of the Defendant's failure to do so that Master Gidden made an order debarring him from defending the claim unless he served his evidence in response by no later than 4pm on 11 January 2024. The Claimant was given permission to file evidence in reply by 4pm on 8 February 2024.

32. On 9 January 2024 the Defendant served Surin 1. On 7 February 2024 the Claimant served Cotton 4 in reply to Surin 1.

33. In his order sealed on 19 February 2024, Master Gidden recorded that the Defendant had now filed his evidence as directed by the order sealed on 11 December 2024. On 19 February 2024 Master Gidden gave directions for the hearing of the Claimant's application for summary judgment on the claim. There was no application by either party for permission to file and serve further evidence in the Part 8 claim. No such permission was given by Master Gidden in his order.

34. In summary, the Defendant having failed to file his evidence in response to the claim in accordance with CPR 8.5(3), on 11 December 2023 the court granted permission to the Defendant to file and serve that evidence by 11 January 2024. The Defendant did so. The Claimant duly filed his evidence in reply on 8 February 2024. There is no provision either under CPR Part 8 or in the orders of this court sealed on 11 December 2023 and 19 February 2024 permitting the Defendant to file and serve further evidence in response to the claim.

35. In these circumstances, Mr Martin Evans KC and Mr Tom Rainsbury for the Claimant relied upon CPR 8.6(1), which states that no written evidence may be relied on at the hearing of the claim unless either it has been served in accordance with rule 8.5 or the court gives permission. No such permission had been sought by the Defendant to rely upon either Surin 3 or Rawal 1. In this case, the court had held two case management hearings and given specific directions for the filing and service of evidence by the Defendant, following his failure to file and serve his evidence in accordance with CPR 8.5. The Defendant had ample opportunity to seek permission from the court on 16 February 2024 to file and serve further evidence in answer to Cotton 4; or to make an application to file and serve such further evidence in a timely way thereafter. Instead, the Defendant had waited until 3 July 2024, without prior warning and one day before the deadline for filing the Claimant's skeleton argument, to serve Surin 3 and Rawal 1. It was submitted that the Defendant's failure to give prior notice or warning of his intention to serve Surin 3 and Rawal 1 is inexplicable, given that the parties had liaised with each other over the preparation of the hearing bundle for the Claimant's application for summary judgment. It was to be inferred that this was a deliberate strategy designed to disrupt the proceedings on 15 and 16 July 2024.

36. For the Defendant, Mr Stuart Cakebread and Ms Juliette Levy submitted that the Defendant did not require the court's permission to rely on Surin 3 and Rawal 1. Both witness statements had been filed and served as written evidence on which the Defendant wished to rely at the hearing of the Claimant's application for summary judgment made pursuant to CPR 24.2. Counsel relied upon CPR 24.5(3) which provides –

"(3) if a party wishes to rely on written evidence at the hearing, other than in a claim under rule 24.4(3), they must file and serve copies of such evidence on every other party at least –

(a) 7 days before the hearing in the case of respondent's evidence, or evidence of any party where the hearing is fixed by the court of its own initiative;

(b) 3 days before the hearing in the case of an applicant's evidence in reply, or reply evidence of any party where the hearing is fixed by the court of its own initiative."

37. On this particular issue, in my view, the Defendant is correct. It is important to draw the distinction between on the one hand, the requirements of CPR 8.5 which govern the filing and service of evidence in response to a Part 8 claim; and on the other hand, the requirements of CPR 24.4(3) which govern the filing and service of evidence in response to an application for summary judgment.

38. Paragraph 2 of Master Gidden's order sealed on 11 December 2023 was made in response to the Defendant failure to file and serve his evidence in response to the Part 8 claim. That much is clear from the recital to that order, which records the Defendant's failure to serve written evidence in accordance with CPR 8.5. Neither in that order nor in his subsequent order sealed on 19 February 2024 did Master Giddens make any specific order or give any specific direction in respect of the filing and service of written evidence in response to the Claimant's application for summary judgment on the Part 8 claim. In the absence of any such specific order or direction varying the timetable for filing and service of such evidence, it seems to me that the Defendant was at liberty to file and serve both Surin 3 and Rawal 1 in accordance with the timetable clearly stated in CPR 24.5(3)(a). Both witness statements were filed and served at least 7 days before the hearing of the Claimant's application for summary judgment on 15 July 2024. By the same logic, the Claimant was at liberty to file and serve Cotton 5 in accordance with CPR 24.5(3)(b).

39. For these reasons, the Defendant is able to rely on the evidence given in Surin 3 and Rawal 1 in response to the Claimant's application for summary judgment. I return later in this judgment to consider the weight to be given to that evidence in determining the Claimant's application.

The evidence

The Claimant's evidence – Cotton 3 and Logan 1

40. Both DC Cotton and Mr Logan give evidence of information obtained during the course of a criminal investigation, Operation Carter, into a conspiracy to import and supply large quantities of Class A controlled drugs within the United Kingdom. DC Cotton refers to an indictment which alleged conspiracy to supply controlled drugs between 1 March 2020 and 22 September 2020. One of those indicted was Christian Hargreaves **['Hargreaves']**. On 18 March 2024, Hargreaves pleaded guilty at Leicester Crown Court to conspiracy to supply a Class A drug between 1 March 2020 and 22 September 2020. He was sentenced to a term of 17 years' imprisonment.

41. DC Cotton gives evidence that one of the key investigative methods used in Operation Carter was the forensic examination of encrypted chat messages, recovered following the infiltration and dismantling of the EncroChat bespoke encrypted communication service by French and Dutch law enforcement officers during early 2020. Each individual using EncroChat needed to possess an encrypted mobile device. Each member of the EncroChat network was allocated a "user handle" which they received when they purchased a contract. A user handle was a random phrase used to identify the individual using it.

42. As part of the criminal investigation into Hargreaves, police officers identified a collection of words in the "notes section" of the EncroChat data linked with the user handle "TerribleCobra". The user handle "TerribleCobra" has been attributed to

Hargreaves. DC Cotton exhibits an attribution schedule produced on 31 December 2020 which supported the attribution of the handle "TerribleCobra" to Hargreaves. A further user handle "Rayban.com" has also been attributed to him.

43. The collection of words were believed to be "seed words" for a cryptocurrency wallet. On 21 February 2022, DC Cotton provided the seed words to DC Aaron Horn of the Cybercrime Unit for analysis.

44. In a witness statement signed on 6 June 2022 which is exhibited to Cotton 3, DC Horn explains that a mnemonic seed phrase, sometimes known as a "recovery phrase" or "seed words", is a series of English words allowing the user to recover control of their cryptocurrency in the event that they lose control of their cryptocurrency wallet. DC Horn says that Bitcoin is the most popular form of cryptocurrency and continues -

"Bitcoin is traded on the Bitcoin network, known as the 'blockchain'. In short, the blockchain is public ledger of all transactions that take place in Bitcoin… Cryptography is used on the Bitcoin network to ensure assets cannot be stolen or transactions altered later. Individual users of Bitcoin must therefore have means of storing their own cryptographic keys to ensure they remain in control of their Bitcoin.

'Wallets' are used as a place to store the keys securely for the user. Wallets typically come in the form of software (the key being stored on a device's storage medium (such as a mobile phone) and manipulated by an app), hardware (the key being stored in a proprietary 'electronic vault' with a human interface such as a screen and buttons) or paper (the key being written down or stored in the form of a QR code). The keys themselves are long strings of numbers or letters which would be impossible for most humans to remember…".

45. DC Horn says that modern electronic Bitcoin wallets use one of several standards to derive the keys from the recovery phrase. Once the recovery phrase is known and the correct derivation standard determined, all associated keys can be determined and from this, a list of transactions associated with those wallets obtained from the blockchain. As all transactions are publicly displayed on the blockchain, it is possible for law enforcement officers to view them and begin to understand the transaction.

46. DC Horn considered that the seed words provided by DC Cotton consisted of two sets of 12-word phrases. He tested both sets against three derivation standards. While both sets were valid recovery phrases, only one appeared to be associated with wallets which had been used –

"[Hierarchical Deterministic] wallet addresses derived from those words showed transactions taking place. In order to show all of the wallets associated with the recovery phrase, I input them into a 'Ledger Nano X' hardware wallet. A Ledger Nano is a proprietary hardware wallet which allows one to recover control of a HD wallet by inputting the 12-word recovery phrase. Using the associated 'Ledger Live' application on a police laptop connected to the Ledger Nano, I was able to see transactions. The list of transactions shown in Ledger Live where exported as a digital file titled….".

47. Through this analysis, DC Horn states that he was able to see that transactions took place with the HD wallet between 15 March 2020 and 8 August 2020. Approximately

109.232 Bitcoin were transacted through the wallet during that period (representing around £763,000 in value). No significant balance was left in the wallet after 8 August 2020. DC Horn has exhibited a list of the transactions shown in Ledger Live.

48. In paragraph 2.22 of Cotton 1, DC Cotton says –

"Analysis of transactions shows that two of the outgoing transactions from the Seed Wallet were directed to another cryptocurrency wallet operated by Coinbase, registered in Nairobi, Kenya. The transactions took place on 27 June 2020 (4.410048 Bitcoin) and 4 August 2020 (3.49377 Bitcoin)."

49. In paragraph 2.24 of Cotton 1, DC Cotton says that police made contact with Coinbase with the objective of tracking and tracing cryptocurrency linked with Hargreaves. Coinbase responded that the account linked to the transactions was held in the name of "Alexander Surin" with an associated email address "icebops@aol.com". The Account had been opened on 5 June 2020. It had been suspended following service of the freezing order granted on 28 June 2022.

50. DC Cotton has exhibited to Cotton 3, in tabular form, details of the dates and times of individual transactions in and out of that Account during the period between 5 June 2020 and 16 December 2021. In paragraph 2.26 of Cotton 3, DC Cotton summarises that transaction history –

"(1) 56 transactions between 5 June 2020 and 16 December 2021;

(2) The account has received 249.0826 Bitcoin (estimated value of £4,256,857.36) during the account's existence;

(3) The account has also sent 170.8572 (estimated value of £2,919,975.76) Bitcoin to other Bitcoin addresses and wallets;

(4) The Bitcoin balance on the account peaked on 5 November 2020 at 172 Bitcoin;

(5) Between 16-17 November 2020, the Bitcoin balance was reduced leaving a balance of 2.8 Bitcoin;

(6) Between 9 December 2020 - 16 December 2021, the Bitcoin balance increased to its current balance of 78.22545 Bitcoins."

51. In paragraph 2.28 of Cotton 3, DC Cotton gives an estimated value of £1,562,788.04 to the Bitcoin held in the Account as of 13 February 2023.

52. In paragraph 63 of Surin 1, the Defendant says that he has never denied that icebops@aol.com was his email address. In paragraphs 19 and 71 of Surin 1 the Defendant says that he is the owner of the Account of which details are given in Cotton 3. He says that he has nothing to hide and opened the Account in his name and using the same email address which he has had since 2011. At paragraphs 19 and 20 he states –

"I am the owner of the Coinbase account referred to in the application by the DPP. The Coinbase account was opened in 2020 via phone application, from recollection. I opened the account as during the course of business I was asked for my wallet address

for payment on a few occasions. This led me to investigate how to obtain a wallet and platforms that enabled me to receive and send crypto payments. I have very limited knowledge of how crypto payments work, the Coinbase platform provides a simplified mechanism to buy and sell, send and receive cryptocurrency. The account is in my name and I provided all details and documents that Coinbase required for me to open the account. It is not anonymous and any inference that it is a means of concealing payments or movements of assets is dispelled by the fact that I opened it in my name. If, as is alleged, it was my intention in opening and operating the Coinbase account to conceal payments relating to criminal activity, I would have opened the account in a third party name or an anonymous cold wallet storage. Since I had and have nothing to hide, I opened the account in my name and used an email address that was clearly linked to me and has been for many years, since 3 June 2011 including those related to my past activities. Further, as the DPP themselves make clear, the blockchain transactions on Bitcoin are publicly available…. The Coinbase account was opened in Dubai, UAE and it is managed as all UAE accounts are via Coinbase's Kenyan office."

53. In paragraph 15 of Logan 1, Mr Logan states that at 3.17pm on 28 June 2022, the Crown Prosecution Service served the freezing order on the Defendant by emailing it to icebops@aol.com as permitted by that order. Mr Logan then produces Coinbase records for the Account which show that, at 12.39pm on 28 June 2022, an attempt was made to access the Account. Mr Logan states his belief that the individual who made that attempt was the Defendant after receiving the freezing order and its accompanying statement; and that he became aware of the Claimant's civil recovery investigation on that date.

54. In paragraph 3.1 of Cotton 3, DC Cotton states his belief that the 78.22545 Bitcoin in Account is or represents property obtained through unlawful conduct of the Defendant and/or his associates, including drug trafficking, fraud and/or money laundering. He advances a number of reasons for holding that belief.

55. Firstly, there were at the time when DC Cotton signed Cotton 3 grounds to believe that the Account was held by the Defendant. In Surin 1, the Defendant has since confirmed that to be true.

56. Secondly, DC Cotton refers to the Defendant's extensive convictions for offences of drug trafficking, fraud and money laundering for which he was sentenced in 1996, in 2012 and in 2013 to substantial terms of imprisonment in the United Kingdom, Belgium and France. Thirdly, the Defendant and his close associates had previously been subject to civil recovery proceedings in the United Kingdom. Reference is made to the judgment of this court in National Crime Agency v Surin [2013] EWHC 3784 (QB) in which the Defendant is referred to as *"a convicted fraudster who has since changed his name and now lives in Dubai…the current proceedings…relate to, as alleged, unlawful trading in the drug ketamine from which it is further alleged all of the relevant property was acquired, whether directly or indirectly."* A property freezing order had been obtained in September 2009. The frozen assets comprised real property, expensive motor cars and also cash in the region of £800,000 derived from the sale of property. The total value of the frozen assets ran into some millions of pounds. In that case, the court refused the Defendant's wife's application for exclusions to that property freezing order.

57. DC Cotton then refers to a civil recovery order made by this court on 19 February 2015 with the agreement of the parties, including the Defendant (albeit without admission of liability). The total assets recovered are said to have been worth £4.5 million, including cars, real estate and cash.

58. DC Cotton's fourth ground is that the Defendant was found in possession of large quantities of cash which were subject to forfeiture under the powers granted by POCA. In 2005, the Defendant was stopped by HM Revenue and Customs at the Channel Tunnel and found to have £208,796 in cash in his car. The money was forfeited as part of a cash seizure under Part 5 of POCA. In September 2009, during a search and seizure operation by the Serious Organised Crime Agency, two vehicles belonging to the Defendant were seized and later searched. During those searches, amounts of cash in the sums of £99,100 and £669,740 were found in the boot of one of those cars. The larger amount of cash was found in DHL packaging, suggesting that monies may have been sent out of the UK via courier companies. On 28 April 2011, the total sum of £844,986.13 was forfeited at Westminster Magistrates' Court through proceedings under Part 5 of POCA.

59. DC Cotton states his belief that the Defendant is a fugitive from justice in France, having been convicted and sentenced to 8 years' imprisonment in his absence for drug trafficking. The Defendant was the subject of an Interpol "Red Notice" issued by law enforcement authorities in Germany. A Red Notice is a request to law enforcement agencies worldwide to locate and provisionally arrest a fugitive from justice pending proceedings for their extradition. The Red Notice expired in 2018 without being executed.

60. Turning to the Account, in paragraph 3.8 of Cotton 3, DC Cotton says that the Account can be shown to have received two large transactions in June 2020 and August 2020 from Hargreaves, a UK national who had been convicted in 2007 in Portugal of involvement in the supply of 2000 kilograms of cocaine for which he was sentenced to 6 years' imprisonment. At the date of Cotton 1, Hargreaves had been charged and was awaiting trial for conspiracy to supply Class A controlled drugs. The evidence against Hargreaves in Operation Carter included data retrieved from EncroChat. That data revealed exchanges between Hargreaves and his associates which were consistent with his active involvement in the supply of controlled drugs during the period of the alleged conspiracy between March 2020 and September 2020. Hargreaves has since been convicted following his guilty plea in March 2024 and sentenced to 17 years' imprisonment.

61. DC Cotton refers to the evidence of Hargreaves' control of two user handles for access to the EncroChat encrypted communication service, TerribleCobra and Rayban.com. Seed words obtained from investigating EncroChat data linked with user handle TerribleCobra had been found on analysis to give access to a cryptocurrency wallet from which transactions had been made on 27 June 2020 and 4 August 2020 directed to the Account. DC Cotton said that the nature of the transactions in the Bitcoin wallet and the Account were consistent with money laundering. The transactions in June 2020 and August 2020 were of large value, using a volatile cryptocurrency across jurisdictions and indicating a desire to inhibit its identification by law enforcement agencies. Neither the Defendant nor any other person had contacted the Crown Prosecution Service since the Account was made subject to the freezing order on 28 June 2022.

62. DC Cotton says that although the Account was registered in Kenya, there was a connection with the United Kingdom as the Defendant was a British citizen. On 5 July 2017, a British passport was issued to Alexander Surin (previously known as Michael Singh Boparan) born in Coventry on 9 June 1965. That passport expires on 5 July 2027. Moreover, it was likely that the two transactions in June 2020 and August 2020 had occurred at least partly in England and Wales.

The Defendant's evidence – Surin 1

63. In paragraphs 8 and 9 of Surin 1, the Defendant states that he has no connection whatsoever with Hargreaves and no knowledge about Operation Carter or the criminal activity either proven or alleged by the Claimant relating to it or to Hargreaves. He says that he has never met Hargreaves or any of the other defendants on the indictments or any other relevant parties or had any dealings with them. He had no involvement in any of the alleged offences with which they had been charged. In paragraph 11, the Defendant states that he has no knowledge of the cryptocurrency account that the Claimant alleged to belong to Hargreaves. He reiterates these points of denial later in Surin 1 when he responds to particular paragraphs in Cotton 3 and Logan 1.

64. The Defendant says that he has not been involved in any criminal activity since his convictions. Under the heading *"My past"*, in paragraphs 13 and 14 of Surin 1 the Defendant states –

> *"I have antecedents for which I have been to prison. I also served over 4 years for a charge which was later quashed due to prosecution misconduct in which the court was misled. I was subject to a POCA order in 2015 and it was settled by consent in the sum of circa approx. £5m. My marriage broke down irretrievably as my wife was unable to take the strain of the onerous proceedings. At the time we settled an important distinction was made. The settlement was on the basis that all matters in relation to all agencies up to and including that date were settled. For me it was a significant turning point in my life. A line was drawn. I had paid the sum of £5m and was finally free to write a new chapter in my life with the freedom of having paid my dues and to be seen in the same light and treated the same as all others, or so I thought until this application by the DPP.*
>
> *The effect of the 2015 court order must be to wipe the slate clean in respect of pre-2015. The DPP must therefore be alleging that I am still engaged in criminal activity which has resulted in the current balance on my bitcoin account. However, the DPP has produced no evidence of this."*

65. Under the heading *"My business and lack of connection with the UK"*, the Defendant says that he is a British citizen by birth and holds a British passport, However, he has resided in Dubai since 2011 having informed HMRC that he would not be returning to the UK. In paragraphs 16-18 of Surin 1 he continues as follows -

> *"As I believe is well known, no income tax, corporation tax (until June 2023) is payable in Dubai and I am not required to submit tax returns or business accounts, particularly for the period in question. I operate as a sole trader and no VAT is payable on my business.*

The evidence I therefore set out is by necessity more limited than if I were operating a business in the UK or other similar jurisdictions where I paid income and corporation tax. I make this point since in both Cotton 3 and Logan 1 various assumptions and allegations are made about me and my business dealings since 2015 and in particular as relate to the Bitcoin transactions which are the subject of the Application and the CRO sought to be made against me. This means that I am effectively being required to prove a negative, namely that my business is "Kosher", as opposed to the proceeds of criminal or nefarious conduct.

I am an entrepreneur and trade in commodities, fast moving consumer goods and luxury items. Payments are made to or by me by Bank transfer, cash or cryptocurrency. None of the transactions on which the CRO of my Bitcoin is based were conducted in the UK."

66. In paragraph 19 of Surin 1, which I have quoted earlier in this judgment, the Defendant confirms that he is the owner of the Account referred to in this claim. In paragraphs 21-26, the Defendant says that as he has no longer had access to that Account since the making of the freezing order, he has been unable to verify details of the two transactions alleged to have taken place on 27 June 2020 and 4 August 2020. He does however comment that on the basis of the evidence provided about those transactions in Cotton 3, both appeared to be subject to time and amount discrepancies –

"I make the following points about the accuracy of the evidence relied upon in Cotton 3 and set out in exhibit AC3:

(i) Time Discrepancy

27 June 2020 Seed wallet sends at 13:12

27 June My wallet receives at 6.31am some 6hrs 41m before it was sent.

4 Aug 2020 Seed wallet sends at 12:01pm (24 hr clock)

4 Aug 2020 My wallet receives it at 4.51am some 7hrs 10m before it was sent.

(ii) Amount discrepancy

27 June 2020 Seed wallet sends $39,829.85

27 June 2020 My wallet receives $37,516.53.

There is a 5.8% difference on the 1st transaction which I believe cannot be explained by network charges. On the second transaction there is a difference of 0.163%, which could be explained as a network charge since I believe that it is within the scope of such a charge."

67. In paragraphs 27-31 of Surin 1, the Defendant gives his explanation of the two transactions shown on the Account to have taken place on 27 June 2020 and 4 August 2020 –

"The transactions on my Bitcoin account probably relate to 2 separate gold bullion trades. I was the seller and Panache Jewels LLC (based in Dubai) were the buyers.

Panache Jewels LLC is a Dubai bullion and jewellery trader owned by the Rawal family. The head of the family, Mr Chaganlal Rawal, is a respected member of the Indian community in Dubai and a resident and business owner in the gold and jewellery industry for over 40 years. The gold and jewellery business in Dubai is world renowned, the Gold Souk has been established since early 1900 long before the UAE came into existence and is one of the biggest gold markets in the world with hundreds of dealers selling both at wholesale and retail levels. Given the proximity to India and the Arabic countries it has long been a trading post."

68. The Defendant says that Panache Jewels LLC does not have a website. He states that Mr Rawal is and was one of the original traders, doing an *"incredible"* turnover from small rooms in shops or buildings in the Gold Souk area; and is still running physical ledgers and trading on the basis of trust and reputation.

69. The Defendant says that he has identified two invoices from his records which align with the amounts coming into his Account on 27 June 2020 and 4 August 2020. He exhibits those invoices. He says –

"On 27th June 2020 I sold 700 grams of assayed gold bullion 99.999% to Panache Jewels LLC for the sum of AED 146,426. On 4th August 2020 I sold 600 grams of gold bullion 99.999% to Panache Jewels LLC for the sum of AED 143,832. Payment was made in full by Bitcoin and the bullion delivered. Invoices for these transactions are at pages 1 and 2 of Exhibit AS1. These invoices were taken from my records. The goods were delivered by hand. The invoices would have been printed and accompanied the shipment.

Mr Rawal confirms that he purchased the gold bullion from me on 27th June and 4th August respectively and made payment in the sum of 7.90381814 BTC valued at $79,022.93."

70. In paragraphs 32-44 of Surin 1, the Defendant gives evidence of his commercial activity since 2015. He says that he is a *"serial entrepreneur"*. After the 2015 settlement he had no choice but to trade his way back to financial stability and beyond. He was able to borrow seed capital from family and friends and started practically from zero once again at the age of 50. He had a wealth of experience and a burgeoning book of contacts that he had successfully made money with over the years. He got his head down and started trading. No deal was too small or time consuming, no product with a potential upside was turned down. He traded worldwide with the exception of the UK, by choice. He was able to build his capital base only slowly at first due to the limited amount of capital he had, which limited the risk ratio. Progressively he was able to more than double his capital year on year until the pandemic hit. Given the trading nature of his business his fixed costs were low and he was able to conserve his capital through this period, with very limited outgoings amid little or no trading. He pivoted into personal protection equipment with limited success and for the remainder worked on improving systems and looking for potential deals.

71. At paragraph 37 the Defendant says –

"Post pandemic there was a glut of money in the market and unprecedented demand. I looked at the fastest growing and accessible markets given the capital I had and went into trading the luxury goods markets and bullion trading."

72. He then gives evidence of his trading in the luxury watch market (2020-2022), in the luxury car market (2020-2023) and in bullion trading (2015-2023).

73. In relation to luxury watches, the Defendant says –

"Post pandemic there was a surge in demand for luxury items, with production halted worldwide during the pandemic and the ability to ramp up production limited by the raw material supply chain. There was also an unprecedentedly limited supply. One segment that saw incredible gains was high end Swiss watches: Rolex, Patek, Richard Mille, IWC, AP across the board shot up in value. The result of limited supply and greatly increased demand led to the greatest ever surge in prices from late 2020 to April 2022 the peak of the market.

Watches had always been of interest to me and I took advantage of market conditions and invested in branded pieces, procuring from personal contacts across Europe and the Far East. Supply from reputable sources was the key, as demand far outstripped what could be sourced. Prices were rising daily and profit margins were very healthy, I caught the trend early and traded heavily throughout the period."

74. In relation to luxury cars he says –

"Cars have always been a passion. The market for cars from low end to high end had a similar if not so spectacular surge in demand post pandemic. Cars could be sold for new prices even though they were 18-24 months old. More prestigious cars were in even more demand and demanded high premiums. The supply chain for car manufacturers took even longer to catch up with demand. Between 2020 and 2023 the market has been very strong with premiums available on all in-demand models. The internet and international platforms to sell cars added another surge to car sales and procurement as the world became a very small place. If you had a car that was in demand your marketplace was not only the country you were in but worldwide on LHD high end cars. Margins have been very good."

75. In relation to bullion trading he says –

"From African contacts established over decades I was able to set up complete distribution lines from export, import, assaying and sales to bullion traders, encashment and then reinvestment to start the cycle again.

Given the trust I built up with my contacts it only took one shipment on consignment from a trader in Africa to set up a business that has been constant and growing from 2015 to today. It is high turnover low margin. However, it is giving me constant income throughout the period. Given the events over the last few years in particular, gold has been a safe haven for many countries and international funds. There are always fluctuations in price and movement of product. This allows margin to be made. Low margins with high turnover provide a reasonable return for resources expended."

76. The Defendant summarised this *"overview"* of his life since 2015. He got his head down and has been hard at work. He has not been involved in any criminal activity. There was plenty of money to be made through legitimate trade as there were many very rich people in the United Arab Emirates and beyond and many businesses had

made a great deal of money dealing with these types of luxury items. In paragraph 44 of Surin 1, the Defendant states –

"My trading in the period 2020-2021 through the Coinbase account was of gold bullion, watches and other luxury assets that were traded for profit."

The Claimant's evidence in reply – Cotton 4

77. In paragraphs 5.1-5.5 of Cotton 4, DC Cotton responds to the timing discrepancy raised by the Defendant in Surin 1 in respect of the transactions dated 27 June 2020 and 4 August 2020. He says that the apparent time discrepancy can be explained by the fact that different systems and software use different timezones. Coinbase use Pacific Daylight Time (UTC – 0700) and also Pacific Standard Time (UTC - 0800). The Hargreaves seed wallet used UTC (Co-ordinated Universal Time).

78. DC Cotton produces a blockchain timeline created using UTC timezone for consistency. That timeline shows that at 13:12UTC on 27 June 2020 Hargreaves sent 4.41 Bitcoin to an unattributed cryptocurrency address "18WEEL". Thirty three minutes later, at 13:45UTC on 27 June 2020 18WEEL sent 4.10003096 Bitcoin to the Account. 18WEEL has only been involved in those two transactions at 13:12UTC and 13:45UTC on 27 June 2020. DC Cotton says that the fact that those two transactions occurred within thirty three minutes of each other suggests that whoever was controlling 18WEEL was expecting the Bitcoin to arrive and knew where the Bitcoin needed to be deposited. The second transaction occurred at 12:01UTC on 4 August 2020, when Hargreaves sent 3.4926 Bitcoin to the Account.

79. DC Cotton refers to the Defendant's evidence that Mr Chaganlal Rawal had confirmed that he purchased gold bullion from the Defendant on 27 June and 4 August respectively and made payment in the sum of 7.90381814 Bitcoin. DC Cotton states that there is no transaction shown on the Account which corresponds to that amount, whereas the sum said to have been paid by Mr Rawal closely aligns to the value of the two payments sent from the Hargreaves wallet, when those payments are combined (4.41 Bitcoin + 3.4926 Bitcoin).

80. In paragraphs 6.1-6.11 of Cotton 4, DC Cotton carries out further analysis of the transactions recorded in the Account. He says that the Account was opened on 5 June 2020 and around 1.3 Bitcoin was immediately received into the Account. The Bitcoin received from the transactions on 27 June 2020 and 4 August 2020 were the second and third incoming transactions into the Account. Between 5 June and 5 November 2020 there were 21 incoming transactions on the Account, the smallest with a dollar value of $3,569.23 and the largest, a dollar value of $593,387.43. During the same period there were 9 outgoing transactions from the Account in very small amounts, the largest having a dollar value of $234.65.

81. As of 5 November 2020, the balance in the Account stood at 172.8130391 Bitcoin, with a dollar value of around $2,577,858 at that date.

82. Over the course of two days on 16/17 November 2020, almost the entire balance (then worth $2,830,315) was transferred in eight large outgoing transactions (ranging between $16,350.55 and $596,256.91 in dollar value). A balance of just under 3 Bitcoin was left in the Account.

83. DC Cotton says that enquiries conducted around those eight outgoing transactions from the Account on 16/17 November 2020 have revealed that 100 Bitcoin was sent to a Binance cryptocurrency account held by a Romanian national named Ahmed Maktabi, who appeared to be logging on from various places including Romania, Turkey and Jordan. The remaining 70 Bitcoin were transferred to a Huobi cryptocurrency account held by an Indian national named Jigar Ashvarbhai Bharodiya.

84. DC Cotton says that there is no evidence that the Defendant has ever directly exchanged funds from the Account for any fiat currency to realise his profits.

85. Between 9 December 2020 and 16 December 2021, there was a similar pattern of transactions shown on the Account. On 9 December 2021 and 14 December 2020, there were two large incoming transactions with a dollar value of $579,658.59 and $578,771.62 respectively. There were five subsequent incoming transactions, of which two were each at a dollar value of over $300,000. During the same period, there were 10 outgoing transactions, of which the largest by far in dollar value was $26,148.90 and the rest at values ranging between $29.93 and $1,363.31. There were no further transactions into or out of the Account between 16 December 2021 and 28 June 2022. At the date of the freezing order, the balance in the Account stood at 78.225446 Bitcoin.

86. In paragraphs 6.9-6.12 of Cotton 4, DC Cotton refers to the Defendant's evidence in paragraph 44 of Surin 1 that in the period 2020-2021 he was trading *"through the Coinbase account"* in gold bullion, watches and other luxury assets that were traded for profit. DC Cotton says –

"However, looked at in the whole, I believe there is nothing in the pattern of transactions to support his claim that it was used as a trading account. Rather, it shows accumulation of Bitcoin from different sources in the manner of the savings account followed by dispersal to two individuals, neither of whom is mentioned by the Respondent in his witness statement.

Further, had it been a trading account, I would have expected the Respondent to take steps to have the Freezing Order lifted, or at least make contact with Mr Logan after it was sent to him by email on 28 June 2022 - especially given he was aware on that day that the account had been frozen. In fact he did not make contact with the CPS at all until 31 March 2023 - after the Claim Form was sent to him (17 March 2023).

Coinbase have confirmed prior to receiving Police contact in early June 2022 they had notified the Respondent that they would be closing his account due to risks they perceived were high, these included his location and the volume seen within the account.

All of the above reasons have led me to believe that the Respondent's Coinbase account has been used for the purposes of laundering the proceeds of crime."

87. In paragraph 7.1 of Cotton 4, DC Cotton refers to the two invoices exhibited by the Defendant to Surin 1. The Defendant's evidence was that these invoices had been taken from his records and were for sales of gold bullion to Panache Jewels LLC on 27 June 2020 and 4 August 2020 respectively. DC Cotton says that he received the two invoices on 16 January 2023 as standalone PDF documents. He reviewed the metadata for both invoices, which he exhibits to Cotton 4. That metadata shows that both documents were

created on 20 December 2023, more than 3 years after the dates of the gold bullion sales transactions to which they are said to relate. DC Cotton says that the metadata contradicts the Defendant's evidence that the invoices come from his records.

88. In paragraphs 8.5-8.8 of Cotton 4, DC Cotton states that the Defendant had not provided any further details of Mr Chaganlal Rawal or a contact telephone number or e-mail address for him; and that there was no witness statement from that or any other person who had traded with the Defendant. DC Cotton says that it would have been open to the Defendant to provide further supporting evidence detailing his communication with Panache Jewels LLC, the agreement to pay in Bitcoin and Transco shipping information. No such information had been provided. DC Cotton says that the Defendant had produced no documents from his asserted "records" beyond the two invoices to substantiate his claimed trading activity in gold bullion, luxury watches and cars. In paragraph 8.8 of Cotton 4, DC Cotton states –

"Having reviewed the evidence upon which [the Defendant] relies, I continue to believe that the Bitcoin in his Coinbase [account] is recoverable property".

The Defendant's further evidence – Surin 3 and Rawal 1

89. In paragraph 11 of Surin 3, the Defendant says that he has provided evidence to establish that there is a clear triable issue and that he has a defence to the Part 8 claim with a real prospect of success. He has not attempted to provide all the evidence upon which he will rely at trial because he does not yet know the full extent of the Claimant's case or evidence, in advance of disclosure.

90. The Defendant repeats his evidence that he has no knowledge of or connection with Hargreaves or any involvement with the criminality investigated in Operation Carter. He repeats his denial that he has been engaged in any criminal activity since 2015. The Defendant questions the accuracy and reliability of the Claimant's evidence regarding the Hargreaves seed wallet. In paragraph 19, he points to an inconsistency on DC Cotton's evidence as to the identity of the EncroChat user handle attributed to Hargreaves. In Cotton 3, reference is made to TerribleCobra, whereas in Cotton 4, the user handle is stated to have been Rayban.com. He says that the Claimant's evidence is unreliable.

91. The Defendant maintains his position about the time discrepancies in respect of the alleged Hargreaves transactions on 27 June 2020 and 4 August 2020. He questions the reliability of the account given in Cotton 4, particularly given the new evidence in respect of the involvement of 18WEEL in the alleged transaction on 27 June 2020. In paragraphs 35 and 36 of Surin 3, the Defendant says –

"Panache Jewels LLC sent me payments in settlement for our trades and this was done on a running account from various sources, including third party payments. This is confirmed by Mr Rawal with whom I principally traded. Even if the new evidence provided by Mr Cotton is correct, and I have no reason to believe that it is for the reasons set out above, the new transaction alleged to have been made by 18WEEL could be a third party payment to me for the sale by me to Panache Jewels LLC of 700 grams of assayed gold bullion on 27 June 2020. Again, as I have set out above, I have no way of investigating this, since I do not even have access to my own Coinbase data.

I believe that the most that the new evidence now relied upon shows is that there is a payment allegedly made from a wallet attributed to Hargreaves to an 'unattributed wallet' identified as '18WEEL' which allegedly sends a lesser amount to my Coinbase account."

92. The Defendant states that he gave Panache Jewels LLC his wallet address on a number of occasions and regularly accepted third party payments on the Panache Jewels LLC account in payment of trades between them. In paragraphs 40-41 of Surin 3, the Defendant states that Mr Rawal has provided a witness statement confirming the two transactions on 27 June 2020 and 4 August 2020 were with him. Any discrepancies as to amounts paid reflect the fact that the Defendant ran a running account with Panache Jewels LLC with payments set against trades done or with prepayments for those transactions in play. Any difference between received and invoiced amounts would reflect a plus or minus on the account and would get settled in the course of trading and account reconciliations.

93. In response to the Coinbase data and transaction analysis presented in Cotton 4, the Defendant says –

"I have a number of accounts and methods through which I make and receive payments for my business. I am paid in and pay in fiat currency, as well as bullion and other assets. I was not trading solely through my Coinbase account and have never stated that I did so. My Coinbase account was a means of receiving payment for the trades I was doing and it was also a means of speculating on Bitcoin as it was a growing investment, as its increase in value demonstrates. Leaving the Bitcoin in the account to accumulate in value is not evidence of any criminality or suspicious activity. Cryptocurrency and Bitcoin in particular, is increasingly recognised as an investment and this year leading asset managers such as BlackRock have launched crypto funds, in particular a Bitcoin fund where the underlying assets of the fund are Bitcoin.

…

In addition, if my Bitcoin account represented the fruit of criminal conduct as the DPP alleges, then I would have withdrawn all of my Bitcoin in March 2022, when Coinbase informed me that they were closing it. I still had full access to my Coinbase account for three months between March 2022 and the Property Freezing Order, and could have easily cashed in my Bitcoin for fiat currency or moved it to cold storage. The fact that I did not take any of these actions supports my evidence and the fact that these assets are not tainted or illicit as alleged by the DPP."

94. In response to DC Cotton's analysis of the two invoices, the Defendant says that he does not need to run an accountancy package as he does not generate hundreds of invoices per day. There may be a few a week. He runs his business life on spreadsheets and as such all the data relating to any transaction is recorded on the spreadsheet when the deal is struck and confirmed. If an invoice is required to be sent with goods, or a copy of it is required as in this case, he generates the invoice from the data on his spreadsheet. The created date as on the metadata mentioned by DC Cotton is only relevant as the time the data was accessed from the spreadsheet and printed or saved. In paragraph 55 he states –

"I have recreated the invoices from my records."

95. In response to the criticism that he has failed to provide any supporting evidence for his trading activities, the Defendant refers to and relies upon Rawal 1. He states that Rawal 1 addresses the issue whether he received funds directly or indirectly from Hargreaves on 27 June 2020 and 4 August 2020. Rawal 1 also confirms the two gold bullion sales to Panache Jewels LLC and the two invoices. In paragraph 66 he states –

"I do not believe that I am obliged at this stage to provide confidential business information about legitimate trading by me. When this case proceeds to trial it will be for the DPP to decide whether he seeks to require me to provide disclosure of such information and he would need to justify doing so. If disclosure is required I shall of course provide it.

96. The Defendant concludes his evidence in Surin 3 by stating his belief that he has a real prospect of successfully defending the claim for a recovery order and asks that the Claimant's application for summary judgment be dismissed.

97. Rawal 1 is a witness statement signed by Paresh Rawal who gives his address as Hubli Karnataka in India. He states that he is the son of Chaganlal Rawal. His family has traded in gold and diamonds for over 40 years. He has worked with the family business since completing his studies. He says that his father developed strong business ties with Dubai exporting and selling to Dubai wholesalers purchasing from India. In 2002, the family business relocated to Dubai and traded from there until 2022, when his father retired and move back to India. Paresh Rawal says that Panache Jewels LLC was one of the family's trading companies trading in gold bullion, diamonds and finished jewellery from 2013 to 2022.

98. In paragraphs 4 to 6 of Rawal 1, Paresh Rawal says –

"I have known Alexander Surin for 8 years, in this time Mr Surin has traded gold bullion and diamonds with our company. I have been asked to clarify the mechanics of the working relationship with Mr Surin. Mr Surin is Indian as are most of our trade customers, we have cultural ties and we can trace our family lineage, I make a point of this as business today is very different from business from years gone by and the cultural ties help. Our business is based most part on trust, there are many instances where diamonds and bullion are released on trust to our trading partners or they release to us, it is a necessity in the business we run and there is always a certain amount of inventory which is out in the market on approval or consignment.

When a deal is confirmed a debit or credit is entered into our books. We do not run a computerised accounting package we run ledgers. We have a running account with our customers, for example, if a batch of diamonds is taken on approval, we will enter it on the books as a debit and if a sale is made, we would credit the returned diamonds and write an invoice for the diamonds purchased. Therefore, there is always a running balance with the trader, the amount of which is determined by various factors (trading history, creditability, track record). If a significant purchase or sale is made this is normally settled at the time of the purchase or supply.

We received and made payments in many forms. Cash, transfer, credit, crypto and goods in exchange are all regular payment channels used by our company."

99. Paresh Rawal says that he has been asked to clarify information pertaining to two purchases of bullion from the Defendant on 27 June 2020 and 4 August 2020. In paragraphs 7 and 8 of Rawal 1 he says –

"I can confirm that I purchased bullion valued at AED 146,426 and AED 143,832 respectively on the said dates. I have been shown Exhibit AS1 in which there are 2 invoices, I can confirm they accurately reflect our transactions.

We had Mr Surin's Coinbase wallet details which we supplied to our customers and 2 third party payments were made to the Coinbase account in the sum of $79,022.93 which equated to 290,258 AED or 7.90381814 BTC over the 2 payments. I can further confirm that the payment on 27 June 2020 was less than informed to us by our customer and that the shortfall was addressed in the following reconciliation.

…

To clarify matters I can confirm that the two transactions that took place on 27th June 2020 and 4th August 2020 are 2 separate customers. Both purchased gold bullion from Panache Jewels LLC and both paid by crypto as detailed in paragraph 8 above, which was sent direct to Mr Surin's Coinbase account and credited to our account with him."

100. Paresh Rawal says that he does not know and has never dealt with *"a Mr Hargreaves from England"*; nor does he know a company or anyone by the name of 18WEEL.

101. In Cotton 5, DC Cotton says that the EncroChat user handles TerribleCobra and Rayban.com were both evidentially attributed to Hargreaves, a fact which was not challenged by Hargreaves during the criminal proceedings which culminated in his being sentenced to 17 years' imprisonment. DC Cotton says that the seed words whose discovery and analysis of which he describes in Cotton 3 and Cotton 4 were identified within the user handle TerribleCobra.

A credible case that the property is recoverable property?

102. The first question to consider is whether the Claimant has advanced a credible case that the property is recoverable property.

Brief summary of submissions

103. On behalf of the Claimant, it was submitted that the evidence before the court establishes a compelling basis for concluding that the property is or represents property obtained through the Defendant's or another person's unlawful conduct, including drug trafficking and money laundering in the United Kingdom or abroad.

104. On behalf of the Defendant, it was submitted that the evidence on which the Claimant primarily relies as stated in or exhibited to Cotton 3 and Cotton 4 does no more than provide a barely arguable basis for such a conclusion. The case is based on inferences, and the fundamental inference that the property has been obtained through unlawful conduct is not justified on the basis of that evidence. Cotton 3 and Cotton 4 do not establish sufficiently the link between the Hargreaves wallet and the Account in respect of the two transactions in June 2020 and August 2020 which is fundamental to the Claimant's case in relation to the first tranche of Bitcoin assets in the Account, between

June 2020 and November 2020. The Claimant has provided no credible evidence from which it can be inferred that the second tranche of transactions shown in the Account between December 2020 and December 2021 are the fruit of unlawful conduct.

Conclusions

105. The question is whether the Claimant has advanced a credible case on the basis of the evidence given in Cotton 3 and Cotton 4 that the property is or represents property obtained through unlawful conduct. Fordham J held in Briedis that cryptocurrency is "property" within the meaning of section 316 of POCA. I agree. Conspiracy to supply controlled drugs is unarguably unlawful conduct. Money obtained from the operation of such a conspiracy has plainly been obtained through unlawful conduct.

106. In relation to money laundering, the Claimant relied upon the provisions of sections 327 to 329 of POCA, by which in broad terms a person who has, receives or deals with criminal property commits a money laundering offence. For these purposes, "criminal property" is defined in section 340 of POCA to include property which constitutes a person's benefit from criminal conduct or which represents such a benefit (in whole or part and whether directly or indirectly), where the alleged offender knows or suspects that it constitutes or represents such a benefit. Money and assets including cryptocurrency which are the fruits of a conspiracy to supply controlled drugs fall within the scope of that definition. A person who has, receives or deals with such money or assets is engaged in the unlawful conduct of money laundering.

107. In R v Anwoir [2009] 1 WLR 980 at [21], the Court of Appeal (Criminal Division) said –

"… there are two ways in which the Crown can prove the property derives from crime, (a) by showing that it derives from conduct of a specific kind or kinds and that conduct of that kind or those kinds is unlawful, or (b) by evidence of the circumstances in which the property is handled which are such as to give rise to the irresistible inference that it can only be derived from crime."

108. In Serious Organised Crime Agency v Gale [2009] EWHC 1015 (QB) at [17] this court adopted that formulation in the context of civil recovery proceedings brought under Part 5 of POCA.

109. I turn to the evidence.

110. The Claimant has advanced a credible case that Hargreaves was involved in a conspiracy to supply controlled drugs on a large scale between March and September 2020. Hargreaves subsequently pleaded guilty to charges of conspiracy to supply controlled drugs during that period.

111. The evidence before the court establishes at least a good arguable basis for finding, based on the analysis of information associated with the EncroChat user handle Terrible Cobra which is attributed to Hargreaves, that between 15 March 2020 and 8 August 2020 Hargreaves carried out Bitcoin transactions through a wallet to which he had access. The total value of those transactions was around £763,000. The wallet was left with no significant balance.

112. Two of the said transactions were made on 27 June 2020 and 4 August 2020, the amounts being 4.410048 Bitcoin and 3.49377 Bitcoin respectively.

113. The Defendant denies all knowledge of Hargreaves or of the conspiracy to supply controlled drugs of which Hargreaves was subsequently convicted. The Defendant does not deny that he is the owner of the Account in which the property is held subject to the freezing order.

114. The Defendant opened the Account on 5 June 2020. The subsequent transaction history of the Account during its operation by the Defendant between 5 June 2020 and its suspension by the freezing order on 28 June 2022 is in evidence before the court.

115. On 27 June 2020 a payment of 4.100003096 Bitcoin was received in the Account. On 4 August 2020 a payment of 3.4936 Bitcoin was received in the Account.

116. Subsequent analysis in Cotton 4 of the payment of 4.41 Bitcoin from the Hargreaves wallet on 27 June 2020 has shown that it was made at 13:12UTC to an unattributed cryptocurrency address 18WEEL, from which address thirty-three minutes later a payment of 4.10003096 Bitcoin was made to the Account. Subsequent analysis of the payment of 3.4926 Bitcoin from the Hargreaves wallet on 4 August 2020 has shown that it was made to the Account at around 12.00UTC on that day.

117. In the light of this evidence, I am satisfied that the Claimant has advanced a good arguable case that the two transfers of Bitcoin received into the Account on 27 June 2020 and 4 August 2020 were derived from unlawful conduct of a specific kind, that conduct being conspiracy to supply controlled drugs; and that in each case the Defendant was aware that he was receiving property in the form of Bitcoin which was and represented Hargreaves' and his associates' benefit from that criminal conduct.

118. I am so satisfied, notwithstanding the Defendant's denial of any knowledge of Hargreaves and his evidence that these two transactions in fact were made by other persons in respect of gold bullion trades made in the course of his business. The evidence advanced in Cotton 3 and Cotton 4 is, in my judgment, plainly sufficient to establish the credibility of the Claimant's case that the Bitcoin transferred into the Account under the transactions done on 27 June 2020 and 4 August 2020 was obtained through unlawful conduct and so was recoverable property.

119. I turn on the basis of those findings to the inferences which the Claimant seeks to draw from the subsequent transaction history of the Account, his very dilatory response to these civil recovery proceedings, the Defendant's past history of criminality, and the previous forfeiture and civil recovery action against him.

120. The Defendant opened the Account on 5 June 2020. The drugs conspiracy in which Hargreaves was involved was in operation at that date. The first of the two Hargreaves transaction took place on 27 June 2020. The second took place on 4 August 2020. There followed two very small outgoing transactions on 4 August 2020 and 8 August 2020. On 19 August 2020, within the space of two hours, there were six incoming transactions in substantial amounts, the largest valued at $118,925.65. On 20 October 2020 within the space of one hour, a further four substantial incoming transactions took place, the largest valued at $295,106.84 and another at $176,571.30. On 21 October 2020, a further very large amount was transferred into the Account, valued at $593,387.43. On

23 October 2020, two substantial amounts were transferred into the Account, the largest valued at $201,492.41. A further large amount was transferred in on 25 October 2020, followed on 5 November 2020 by two transfers in valued at $177,805.06 and $88,546.61 within the space of four minutes. Throughout this period of five months following the opening of the Account on 5 June 2020, there had been no more than nine very small outgoing transactions, valued between $12.19 and $234.65.

121. Then on 16 November 2020 and 17 November 2020, the Account was effectively emptied through a series of seven outgoing transactions, five occurring within the space of around three hours on 16 November 2020 and three within the space of around one and a half hours on 17 November 2020. The beneficiaries of these large outgoing transactions were cryptocurrency accounts held by two persons, one of whom appeared to have logged on from three separate locations in Romania, Turkey and Jordan, the other being based in India.

122. That series of transactions is described by the Defendant as tranche one. The Defendant's evidence is that during the period covered by tranche one, he was trading through his Account in gold bullion, watches and other luxury assets that were traded for profit. I accept DC Cotton's evidence that the pattern of transactions shown in the Account during that period does not support the Defendant's claim that he operated it as a trading account. As DC Cotton says, it shows the accumulation of Bitcoin from different sources in the manner of a savings account followed by sudden, unexplained dispersal to two individuals, neither of whom is mentioned or identified by the Defendant in his evidence. Set in the context of the evidence that the first accumulation of Bitcoin during the period of tranche one resulted from the two Hargreaves transactions, the Claimant has established at least a good arguable case for inferring that the transactions shown in the Account between June and November 2020 are the laundering of money derived from criminal conduct, probably the supply of controlled drugs.

123. Essentially the same pattern of activity is evident in the transactions in the Account during the period of the second tranche, between 9 December 2020 and 16 December 2021. After a period of inactivity between 17 November 2020 and 9 December 2020, there were two large incoming transactions on that date and on 14 December 2020, each valued in excess of $500,000. There were two substantial incoming transactions within the space of three minutes on 16 February 2021, at values of $308,912.44 and $60,688.97 respectively. A further incoming transaction valued at $337,715.27 occurred on 3 March 2021. As a result of these transactions, on that date the Account had accumulated 78.22 Bitcoin, which remained in the Account until the freezing order was made on 28 June 2022. From 3 March 2021 onwards, there were no further transactions of any comparable substance until the Account was suspended on 28 June 2022, by operation of the freezing order.

124. The Defendant's evidence is that during the period covered by tranche two, he continued to trade through his Account in gold bullion, watches and other luxury assets that were traded for profit. Again, I accept DC Cotton's evidence that the pattern of transactions shown in the Account during that period does not support the Defendant's claim that he operated it as a trading account. Again, it shows the accumulation of Bitcoin from different sources in the manner of a savings account. As in the case of tranche one, when set in the context of the evidence that the first accumulation of Bitcoin during the period of tranche one resulted from the two Hargreaves transactions,

the Claimant has established at least a good arguable case for inferring that the transactions shown in the Account from December 2020 onwards until the Account was frozen on 28 June 2022 are the laundering of money derived from criminal conduct, probably the supply of controlled drugs.

125. In the light of the Defendant's evidence that he opened the Account on 5 June 2020 in order to send and receive payments or cryptocurrency during the course of his legitimate business trading in gold bullion, watches and other luxury assets for profit, it is remarkable that he made no attempt to contact the Claimant, to challenge the freezing order made on 28 June 2022 or to participate in the Claimant's subsequent civil recovery investigation. There is evidence that the Defendant attempted to access his Account shortly after the Account was frozen on 28 June 2022. However, the Defendant appears not to have found any need to pursue the matter with any degree of purpose, notwithstanding that, on his own case, he had now been denied access to trading assets held in his Account in cryptocurrency valued in millions of dollars. Although following service on him of the Part 8 civil recovery claim, he filed an acknowledgement of service on 31 March 2023 stating that he would file evidence in response with 14 days, he did not do so. Surin 1 was not filed until 9 January 2024, under the threat of being debarred from defending the Part 8 claim, some nine months after service of that claim and eighteen months after his alleged trading account through which he traded for profit had been frozen.

126. I am satisfied that the Defendant's prolonged inaction in responding to the freezing of his Account and in providing evidence in response to the Part 8 claim lends further support to the inference which the Claimant seeks to draw, that the property is in fact the product of unlawful conduct and recoverable.

127. It is in the context of these findings that the Claimant's reliance on the Defendant's past criminality and the previous forfeiture and civil recovery proceedings is justified as lending further probative weight to the Claimant's case that the property is recoverable property. Had the Claimant's case been solely or primarily founded upon the Defendant's previous convictions for fraud, money laundering and drug offences, the Defendant's submission that in themselves, such matters were more prejudicial than probative might have carried some force. But that is emphatically not the Claimant's case. On the contrary, for the reasons I have given the Claimant is able to found a good arguable case that the property is recoverable property. That case founds on the evidence not only of the two Hargreaves transactions, but also on a compelling inference that the Account was throughout the period from its opening in early June 2020 until it was suspended by operation of the freezing order in late June 2022, being operated by the Defendant for the purpose of laundering money obtained through or derived from criminal conduct, probably the supply of controlled drugs. That case is given added weight by the nature of the Defendant's offending history, and the fact that he faced previous proceedings for civil recovery of high value assets and forfeiture of large quantities of illicit cash.

128. The requirements of section 282A of POCA are satisfied. There is a sufficient connection with England and Wales in this case. The Defendant is a British citizen, albeit resident in Dubai. Hargreaves is also a British citizen. I am also satisfied that the dual criminality requirement under section 241 of POCA is satisfied in this case. In my judgment, conspiracy to supply controlled drugs and the laundering of money obtained or derived from such a conspiracy or from the supply of controlled drugs as evidenced

in this case, are conduct of a kind which is not only criminal under English law but would be similarly unlawful under the criminal law of other countries. See the discussion at [75]-[82] in Serious Organised Crime Agency v Namli [2013] EWHC 1200 (QB).

129. In my judgment, the Claimant has established, at the very least, a credible case that the property which is the subject matter of this Part 8 claim is recoverable property for the purposes of Part 5 of POCA. The Claimant's case is strongly arguable on the basis of the evidence before the court.

Does the Defendant have a real prospect of success in defending the Part 8 claim for a civil recovery order?

130. I have found that the Claimant's case is strongly arguable on the evidence before the Court. Nevertheless, the burden is on the Claimant to establish that the Defendant has no real prospect of success and that there is no other compelling reason for a trial of this Part 8 claim.

131. In this case, the Defendant advances the positive case in defence of the claim that he received the property in good faith as payments in legitimate goods transactions in the course of his business trading in gold bullion, watches and luxury assets. The Defendant's evidence in both Surin 1 and Surin 3, to which I have referred in detail, is that since 2015 he has put his criminal past behind him and embarked on a new life in Dubai as an entrepreneur trading in gold bullion, luxury watches and luxury cars. He refers to trading in fast consumer goods and luxury items. He says that during the period between 2020-2022 he was trading heavily in high end Swiss watches, having caught an upward market trend early in the wake of the pandemic. He says that he has always had a passion for luxury cars and suggests that he traded successfully in the upturn in the global market following the pandemic. He says that his gold bullion trading has been constant and growing since 2015. It is a high turnover, low margin business. As I have already noted, he states in Surin 1 that *"my trading in the period 2020-2021 through the Coinbase account was of gold bullion, watches and other luxury assets that were traded for profit"*.

132. Taken entirely at face value, this explanation of the Defendant's business activities since 2015, and in particular during the period in which his Account was active between June 2020 and December 2021, would appear to offer a real prospect of defending the Claimant's claim for a civil recovery order. If the Defendant's evidence, including his explanation of the two transactions on 27 June 2020 and 4 August 2020 which he says are to be attributed to gold bullion sales to Panache Jewels LLC, were to be taken at face value, there would be a real prospect of success in defending the Claimant's case that the property is recoverable property, or that the conditions under section 266(4) of POCA are satisfied.

133. However, the authorities to which I have referred show that on an application for summary judgment, the court is not obliged to take the Defendant's evidence at face value or to accept every assertion that is made by him or on his behalf. The court is able to consider the credibility of the asserted defence in the light of the totality of the evidence before the court. In a case involving alleged money laundering, the court is properly able to consider whether the innocent explanation offered by the respondent is one which could really stand up to any degree of scrutiny at trial.

134. Where the explanation offered by the respondent is that the property which is the subject of the claim for a civil recovery order was obtained through legitimate business or trading activities, the court will be prepared to draw inferences from the absence of any records documenting that business or trade. As King J said at [119] in Director of Assets Recovery Agency v Jackson [2007] 2553 (QB), one would expect any successful, law-abiding businessman to keep some sort of record, no matter how simple, of what he was selling and the amounts of his overheads. Whereas the criminal, for example a dealer in illicit drugs or in laundering the proceeds of drug trafficking, will eschew any record by which his activities might be detectable.

135. In this case, nobody is better placed to provide such business records than the Defendant. He asserts in both Surin 1 and in Surin 3 that he keeps business records, including invoices such as those that he has produced as evidence of bullion sales to Panache Jewels LLC on 27 June 2020 and 4 August 2020. In Surin 3 he says that he generates such invoices on a weekly basis. He says that he runs his business life on spreadsheets, on which he records the data relating to any transaction he does when the deal is struck and confirmed. He says he is able to generate an invoice for any such transaction from the data stored on his spreadsheets.

136. Given that he says that he has been trading in bullion since 2015 and in watches and other fast moving luxury goods internationally since at the latest 2020, it is reasonable to assume that the business and trading records of which the Defendant speaks are extensive. Yet he has only produced the two invoices said to evidence the bullion sales to Panache Jewels LLC in June 2020 and August 2020. He has provided no further documentary evidence to substantiate his asserted explanation of how he records his trading activities and his business transactions.

137. In my judgment, it is particularly significant that the Defendant has failed to produce such documentation in Surin 3. Firstly, in that witness statement the Defendant was seeking to rebut the evidence of DC Cotton in Cotton 4 which suggested that the two invoices exhibited to Surin 1 had been created in December 2023. The Defendant says in Surin 3 that they were simply generated in December 2023 from his records. Yet no documentation was produced to substantiate his account of his records. There must on his assertions be many pages of spreadsheets and many invoices capable of being generated for transactions over his years of trading. Yet not one further page has been produced in evidence. Likewise, he says in Surin 3 that he has a number of accounts and methods through which he makes and receives payments for his business, in addition to his Account. Yet he has provided neither details of nor documentary substantiation for those assertions.

138. In Surin 3, the Defendant seeks to explain the absence of such documentation on the basis that he is not obliged at this stage to provide confidential business information about his legitimate trading. I do not accept that explanation. In the context of the case made against him, and the careful analysis of the Coinbase transactions (including the Hargreaves transactions) set out in Cotton 3 and Cotton 4, it must have been obvious that in a witness statement, Surin 3, prepared for the purpose of resisting the Claimant's application for summary judgment, such information needed to be placed before the court. Its absence lends clear support to the Claimant's case that the Defendant enjoys no realistic prospect of defending this claim.

139. Insofar as the Defendant has sought in Surin 1 to document his alleged trading activities and business interests since 2015 and during 2020-2021, he relies on a single extract from Fortune magazine which provides some analysis of the luxury watch market. His own evidence is highly generalised in nature, offering little more than a commentary on the market for luxury watches, cars and gold bullion which he could readily have obtained from published sources such as business or trade magazines or articles. The information which he provides about his own business, alleged to have been carried on successfully over several years on an international basis, is limited in the extreme. Had he genuinely has been trading successfully in luxury watches and cars since 2020, it is inconceivable that he would have been unable to offer far greater specific information about the history of his trading activities during that period.

140. The absence of such information is all the more striking in Surin 3, which he prepared in the full knowledge of the careful analysis carried out by DC Cotton in Cotton 3 of the history of transactions in his Account between June 2020 and December 2021. That was the period in which the Defendant says he was riding the upward trends in both the luxury watch and car markets between 2020-2022. Yet he makes no attempt to respond to DC Cotton's analysis by identifying the source of each of the substantial incoming transactions shown in the Account between 19 August 2020 and 3 March 2021. Again, the vital importance of that information should have been obvious to him, in a witness statement being prepared for submission in response to an application for summary judgment on this Part 8 claim.

141. Finally, notwithstanding the Defendant's asserted purpose in setting up his Account in June 2020 and its asserted use thereafter as a trading account for his business, he made no real attempt to challenge its suspension from 28 June 2022 onwards, notwithstanding that it then stood in credit in the sum of 78.22 BTC, equivalent in value to several million dollars. If the Account and the cryptocurrency held in that account were in fact his legitimate trading account and the fruits of his trade in bullion, watches and other luxury goods, his lack of active response to the suspension of the Account is incomprehensible.

142. The irresistible inference which I draw from these matters is that the Defendant's innocent explanation of how the property came to be in his Account enjoys no realistic prospect of being accepted at trial of this Part 8 claim.

143. I reach the same conclusion in respect of his asserted innocent explanation of the two transactions on 27 June 2020 and 4 August 2020 respectively. The evidence advanced by the Claimant, that in each case those transactions were made by Hargreaves with the knowledge of the Defendant with a view to laundering money derived from illegal drug trafficking, is compelling. The Defendant's alternative explanation, that each was a legitimate gold bullion sale to Panache Jewels LLC, lacks any credibility in the face of the Claimant's evidence.

144. I reach that conclusion notwithstanding the Defendant's production of the two invoices exhibited to Surin 1. In my judgment, in the light of the analysis of the metadata of those documents attested to by DC Cotton in Cotton 3, it is highly likely that both invoices were created no earlier than December 2023, following the hearing before Master Gidden and for the purpose of bolstering the Defendant's evidence in Surin 1.

145. I am unable to give any significant weight to the evidence of Paresh Rawal in Rawal 1. As the Claimant submits in his skeleton argument, there are a number of serious inconsistencies between the explanation given in Rawal 1 and the Defendant's account of the alleged gold bullion transactions with Panache Jewels LLC on 27 June 2020 and 4 August 2020. The Defendant's evidence is that on each occasion, the transaction took place between Chaganlal Rawal and himself. Paresh Rawal's evidence is that he was responsible for purchasing the bullion from the Defendant. The Defendant's evidence in Surin 1 is clear that payment was made by Mr Chaganlal Rawal (*"Mr Rawal confirms that he purchased the gold bullion from me on 27 June and 4 August respectively and made payment in the sum of 7.90381814 BTC")*. Yet we are now told by Paresh Rawal in Rawal 1 that *"third party payments were made to the Coinbase account in the sum of $79,022.93"* and that the gold bullion was purchased from Panache Jewels LLC by two separate customers who paid directly to the Account. None of this is supported by any documents from Paresh Rawal, notwithstanding that he says that he and his father ran ledgers and each deal was confirmed by a debit or credit entered into their books. He goes no further than to confirm the two invoices exhibited by the Defendant, which purport to record a sale of gold bullion in each case to Panache Jewels LLC. Overall, the explanation given in Rawal 1 suffers from a similar lack of specificity and documentary support as I have found in respect of the Defendant's evidence.

146. For all these reasons, in my judgment, the Claimant has established that the Defendant's case advanced in response to the Part 8 claim for a civil recovery order lacks any conviction or degree of credibility and raises no genuinely triable issue. The Defendant enjoys no real prospect of defending the claim. There is no other compelling reason for a trial.

147. In the light of my conclusions, the Defendant's application to strike out the claim in part must be dismissed.

Disposal

148. I shall make an order granting the Claimant summary judgment on his Part 8 claim. For the reasons I have given, I am satisfied that the property is recoverable property and must make an order vesting the property in the trustee for civil recovery pursuant to section 266(1)(2) of POCA. I now invite counsel to prepare and agree a draft order giving effect to my judgment for consideration by the court.