



Neutral Citation Number: [2018] EWHC 3535 (Ch)

Case Nos: PT-2018-000170, PT-2018-000256, PT-2018-000488

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 20/12/2018

Before :

ROSE J

Between :

MRS JEANETTE REYNOLDS
MR NIKOLAI REYNOLDS

Case PT-2018-000170

and

Applicants

STEVEN PETER LONG

Respondent

ANGUS MACDONALD

Case PT-2018-000256

and

Applicant

STEVEN PETER LONG

Respondent

(1) SHEILA BALDERSTONE
& 23 others (listed in the First Schedule to the
Application Notice dated 2 November 2018)

Case PT-2018-000488

and

Applicants

STEVEN PETER LONG

Respondent

Oliver Hyams (instructed by **Kleyman & Co Solicitors**) for the Claimants
Vivienne Tanchel (instructed by **Maidments Solicitors Ltd**) for the Respondent

Hearing date: 14 December 2018

JUDGMENT

If this Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

.....
ROSE J

Mrs Justice Rose:

1. The Claimants in these three claims issued an application on 2 November 2018 to commit the Respondent, Steven Long, to prison for 29 breaches of court orders. Following the hearing on 14 December 2018 I announced that I had found that all the allegations of contempt had been proven to the necessary standard and I imposed an immediate custodial sentence on Mr Long of 8 months imprisonment for each offence, the sentences to run concurrently. This is the judgment setting out the reasons for that decision.
2. The orders of which Mr Long has been found to be in breach are:
 - i) My order dated 29 March 2018 in claim PT-2018-000170 brought by Mr and Mrs Reynolds against Mr Long, his wife Mrs Long and Universal Tax Solutions Limited ('the Reynolds claim'); ('the March Reynolds Order')
 - ii) The order made on 5 July 2018 by Edwin Johnson QC sitting as a Deputy Judge of the High Court also in the Reynolds claim; ('the July Reynolds Order')
 - iii) The order made on 5 July 2018 by Edwin Johnson QC sitting as a Deputy Judge of the High Court in claim PT-2018-000256 brought by Angus MacDonald against Mr Long ('the MacDonald Claim'); (the July MacDonald Order')
 - iv) The order made by Edwin Johnson QC sitting as a Deputy Judge of the High Court on 5 July 2018 in claim PT-2018-000488 brought by 24 claimants, the First Claimant being Sheila Balderstone (referred to as 'the Group Claim') brought against Mr and Mrs Long, Universal Tax Solutions Ltd, Universal Trustees LLP and Universal Lawyers Ltd; ('the July Group Order').
3. The 29 counts of contempt of court alleged against Mr Long are set out in the annex to this judgment.

The Background

4. The background to the three claims is set out in the affidavit of Shivani Varma dated 2 November 2018 and made in each of the Reynolds, MacDonald, and Group Claims. Ms Varma is a solicitor at Kleyman & Co with conduct of the matter on behalf of the Claimants in the three related sets of proceedings.
5. Mr and Mrs Long carried on business offering estate planning and professional trustee services for many years. They used a variety of corporate vehicles which they own and/or are the officers of in carrying on that business. The corporate Respondents to the Reynolds and Group Claims are some of those vehicles. The Longs held seminars in various towns along the South coast. At these events the Longs promoted their services primarily to people aged over 55 who had property or capital that they wanted to manage tax efficiently for the benefit of their family while continuing to have the use of the property until their death. The Claimants attended the seminars and were encouraged to use the Longs' professional trustee services to put their assets into trusts and execute new wills. They were told by the Longs that this would

constitute good estate planning particularly from a tax point of view. The Claimants were provided with pro forma documentation.

The Reynolds Claim and the March Reynolds Order

6. Jeanette and Nikolai Reynolds were the first to issue their claim against Mr Long. They had set up a trust called the Albert Edward Reynolds Family Trust ('the Reynolds Trust'). When they tried to find out what had happened to the money that they had given to Mr Long to place on trust they did not receive a satisfactory response. They issued a Part 8 claim in March 2018. The Defendants to that claim were Mr Long, Mrs Long and Universal Tax Solutions Limited ('UTSL'). Mr Long is the sole director of the company.
7. In response to the service of the claim Mrs Long made a short statement on 22 March 2018 in which she said that she became very ill in 2014 and removed herself from the running of business. She said she has no knowledge of how the Reynolds Trust has been managed nor is she aware of the financial transactions or investments made by Mr Long. Mr Long also made a witness statement on 22 March 2018 in response to the Reynolds Claim. He said that, acting on the advice of a regulated independent financial adviser, he invested the trust money he received in offshore investment firms in his personal name as trustee. He said the firm then transferred the funds to another offshore investment firms. He did not name any of the firms involved. He asserted that he had been misled by the investment firms and that they had reneged on the terms of the agreement he had with them. He said that he could not give information about the whereabouts of the money as result of a confidentiality agreement he had entered into with the investment firms.
8. In response to that witness statement, the Reynolds made an application to the court under CPR 25.1(1)(g) for disclosure. At the hearing of that application before me on 29 March 2018 Mr Hyams appeared for the Applicants but Mr and Mrs Long and UTSL did not appear and were not represented. The March Reynolds Order:
 - i) set out on the front page a penal notice directed at Mr Long and also at UTSL and its directors or officers;
 - ii) ordered Mr Long and a director or officer of UTSL, within 48 hours of being served with the order, to file with the court and serve upon the Applicants' solicitors an affidavit containing the following information:
 - a) by para 1(a) of the order, details of any bank account in which any property belonging to the Reynolds Trust has been held to the request of any of the Respondents;
 - b) in para 1(b), the company name and location of all investment firms to which any of the Respondents have paid Reynolds Trust monies;
 - c) in para 1(c), the company name and location of all investment firms which Mr Long and or UTSL believes hold Reynolds Trust property;

- d) in para 1(d), the names of any individuals in those investment firms with whom any of the Respondents have communicated in relation to the Reynolds Trust property;
 - e) in para 1(e), a brief explanation of what attempts have been made, by whom and when to recover the Reynolds Trust property.
9. The March Reynolds Order also ordered Mr Long and a director of UTSL within 72 hours of being served with the order to disclose to the Applicants and allow them to inspect documents created on or after 1 September 2015 and relating to the Reynolds Trust falling within the following categories:
- i) In para 2(a) of the order, all correspondence passing between themselves and Universal Wealth Management LLP;
 - ii) In para 2(b), all correspondence passing between themselves and investment firms mentioned in Mr Long's witness statement of 22 March 2018;
 - iii) In para 2(c), any deeds of appointment relating to the Reynolds Trust;
 - iv) In para 2(d), any bank statements evidencing the bank details given in response to the request for disclosure of information about bank accounts in which Reynolds Trust property has been held.
10. The March Reynolds Order was served personally on Mr Long and UTSL on 5 April 2018. There is no dispute about that. In response Mr Long both in his personal capacity and as a director of UTSL served two short affidavits. The first Affidavit dated 6 April 2018 was made by him in his personal capacity:
- i) In response to para 1(a) of the Reynolds March Order, Mr Long listed five bank accounts in which he says the fund belonging to the Reynolds Trust had been held before "it was ultimately invested with G&C.";
 - ii) in response to para 1(b) he named two investment firms which have held the Reynolds Trust fund namely Eminova Capital Group in Hong Kong and G & C Investments Corp in Miami, Florida;
 - iii) In response to para 1(c) Mr Long stated that the trust funds were transferred from Eminova to G&C in April 2016 and that "The Funds should have been held by them in accordance with the terms agreed";
 - iv) In response to para 1(d), he said he received financial advice from Ray Simpson at Universal Wealth Management LLP; following the transfer of the Reynolds Trust Funds to G & C he was in correspondence with a man called David Berger (chief operating officer) and Patty Stout who claimed to be an independent broker. He also says that he was "aware of a Jorge Garrido" who is now in prison for an unrelated offence in Florida;
 - v) In response to para 1(e) he said broadly that in January 2017 he went to Florida to try and obtain the release of the funds. He was told by Mr Garrido that the funds would be released soon. He stayed in Florida until May 2017 being assured that the money would be coming imminently, but no money has

been released; Mr Garrido is now out of contact; he has not heard from Mr Berger since August 2017 and Ms Stout says she has not received any updates from G&C since late last year. He states that in March 2018 he received an email from the FBI confirming that they are investigating G&C Investment Corp.

11. At the end of the affidavit Mr Long said “copy correspondence, documentation and text messages to follow in accordance with paragraph 2 of the Order.”
12. The second affidavit was made by Mr Long on 9 April 2018 in his capacity as a director of UTSL. This states that UTSL is not a trustee of the Reynolds Trust and has no knowledge of how the trust was managed and cannot provide any information. It has never received or been in control of trust funds nor has it ever been involved with the investment of the trust funds and therefore cannot answer any questions.
13. A disclosure bundle was served by Mr Long in response to 29 March 2018 order, purportedly in compliance with para 2 of the March Reynolds Order. This was received by the Claimants’ solicitors on 9 April 2018. It contained a variety of documents from 1 February 2014 to date. These comprised:
 - i) text messages between Mr Long on the one hand and Mr Garrido, Mr Berger, Ms Stout and an unknown individual on the other hand;
 - ii) email exchanges between the same individuals plus Mr Ray Simpson;
 - iii) agreements between various parties such as a memorandum of understanding signed by G&C and Mr Long;
 - iv) documents which are said to be designed to lend legitimacy to G&C such as Euroclear printouts;
 - v) miscellaneous documents such as boarding passes for flights taken by Mr Long.
14. Mr Long did not provide any narrative with the documents or any explanation as to what the documents were. In her third affidavit, Ms Varma sets out what she believes the documents show:
 - i) they evidence that from around early 2014 at the latest Mr Long was exploring the possibility of moving trust funds to other jurisdictions.
 - ii) by letter dated 1 February 2014 Mr Ray Simpson who was a member of Universal Wealth Management LLP (which firm was the investment adviser named in the trust deeds) provided written advice to Mr Long to outline why Mr Simpson was introducing Mr Long to a third-party private placement broker. The broker was said by Mr Simpson to be able to offer the trustees “a secure alternative investment with increased annual returns for some of the funds as compared to the very low current bank deposit rates”. The third party broker in question was called Stony Path Administration Services Ltd.
 - iii) on 6 February 2014 Universal Trustees LLP and Stony Path Administration Services Ltd executed a document entitled Fee Protection Agreement as a

deed. Ms Varma said that the terms of the agreement raised serious concerns in various respects and it was not obvious what the agreement was for. Although a postbox address in the Seychelles was given, she was unable to find any evidence that Stony Path actually exists. It is also unclear from the documents whether any money was actually placed with Stony Path.

- iv) the Longs did not appear to undertake any due diligence in relation to the overseas investment firms they were dealing with.
15. Ms Varma points out that the disclosure does not include any bank statements or any accounts provided by the investment firms as required by the March Reynolds Order. Mr Long disclosed quantities of travel documents which were not required by the order but had not provided the documentation which would actually show the money trail relating to the Reynolds Trust monies. She states that it is clear that the Longs as trustees engaged in or allowed the use of trust funds for known high-risk investments in the hope of high returns and profits and went to significant and prolonged efforts to hide that fact from those interested in the Trust. She says they maintained the false illusion that the funds were held in an ordinary banking institution generating a low but secure rate of interest.
16. Subsequently Kleymans received instructions to act for the claimants in the MacDonald Claim and the Group Claim. The Claimants in all three claims applied for proprietary injunctions and freezing injunctions. In the affidavit in support of that relief made by Ms Varma, she refers to an investigation being carried out by the Suffolk Police. She says she understands that the Longs were arrested a few months previously and had been released on bail with a bail return date 21 July 2018.
17. On 5 July 2018 Mr Johnson QC made the July Reynolds Order, July MacDonald Order and the July Group Order.
18. The July Reynolds Order related to the Albert Edward Reynolds Family Trust:
- i) it was directed at all three respondents, that is Mr and Mrs Long and UTSL and included a penal notice directed at all of them;
 - ii) it recited that it had been made at a hearing without notice and set a return date of 30 July 2018;
 - iii) by para 5, it granted a proprietary injunction prohibiting Mr and Mrs Long from removing from the jurisdiction or otherwise dealing with the value of the Reynolds Trust Fund unless they gave 48 hours' notice to the Reynolds' solicitors. The Trust Fund was defined as including all funds paid to Mr and Mrs Long on behalf of the Reynolds Trust and paid into the five bank accounts that had been listed by Mr Long in his 6 April affidavit together with additional bank accounts in the name of Mr Long;
 - iv) by para 7, it granted a worldwide freezing injunction against the Respondents freezing their assets up to a value of £180,000. The prohibition included particular assets, namely a property located in Spain, the property and assets of the businesses UTSL, Universal Trustees LLP ('UTLLP') and Universal Lawyers Ltd ('ULL') and any money in any bank account;

- v) By para 11(a) it provided that each Respondent:
- “must immediately and to the best of his ability inform the Applicant’s Solicitor of all his assets worldwide whether in his own name or not and whether solely or jointly owned, giving the value, location and details of all such assets”.

This was subject to the usual exception for self-incrimination;

- vi) By para 12 it provided that within three working days after being served with the order each Respondent must swear and serve on the Applicant’s Solicitors an affidavit setting out the information in para 11(a);
- vii) By para 19 it dispensed with the requirement for personal service of the order on Mr Long, pursuant to CPR r81.8;
- viii) By para 20 provided that service of the order by first class post to two addresses in Ipswich (‘the Ipswich addresses’) and by email to a specified email address “shall in each case amount to valid service” of the order upon Mr Long.

19. The July MacDonald Order was directed only at Mr Long and contained a penal notice on the front. It was also made following a without notice hearing and set a return date of 30 July 2018. The July MacDonald Order related to a trust called the Roderick MacDonald Will Trust. The Order:

- i) By para 5 granted a proprietary injunction freezing the value of the MacDonald Trust Funds which were defined as including all funds paid to Mr Long on behalf of the MacDonald Trust and paid into the same seven bank accounts that were listed in the July Reynolds Order. Again this was subject to giving 48 hours’ notice in writing to the Applicant’s solicitors;
- ii) By para 7 it granted a worldwide freezing injunction against Mr Long up to the value of £800,000. This included expressly the property and assets of the businesses known as UTSL, UTLLP and ULL and any money standing to the credit of any bank account;
- iii) By para 11(a) ordered that Mr Long:
- “must immediately and to the best of his ability inform the Applicant’s Solicitor of all his assets worldwide whether in his own name or not and whether solely or jointly owned, giving the value, location and details of all such assets”.

This was subject to the usual exception for self-incrimination;

- iv) By para 12 it provided that within three working days after being served with the order the Respondent must swear and serve on the Applicant’s Solicitors an affidavit setting out the information in para 11(a);
- v) By para 15, it dispensed with the requirement for personal service on Mr Long under CPR r 81.8;

- vi) By para 16 it directed that service by first class post to the Ipswich addresses and to the email address referred to in the Reynolds July Order shall amount to valid service upon Mr Long.
20. The July Group Order was directed at five Respondents that is Mr and Mrs Long, UTSL, UTLLP and ULL. It set out penal notices relating to all five of them on the front page. It stated that it was made at a hearing without notice with a return date of 30 July 2018. The July Group Order:
- i) By para 5 granted a proprietary injunction in respect of the funds in the family trusts and will trusts of the 24 claimants which were set out in a schedule to the order. It froze particularly all funds paid to the five Respondents on behalf of any of the trusts and paid into the seven bank accounts in similar terms to the other two July Orders;
- ii) By para 7 it granted a worldwide freezing injunction against the Respondents up to the value of £3 million referring in particular to the Spanish property, the assets of the businesses and any bank account monies;
- iii) By para 11(a) it ordered that each Respondent:
- “must immediately and to the best of his ability inform the Applicant’s Solicitor of all his assets worldwide whether in his own name or not and whether solely or jointly owned, giving the value, location and details of all such assets”.
- This was subject to the usual exception for self-incrimination;
- iv) By para 12 it provided that within three working days after being served with the order the Respondents must swear and serve on the Applicant’s Solicitors an affidavit setting out the information in para 11(a);
- v) By para 13(a) it ordered the Respondents:
- “to provide full details of all Trust Funds received by each of Steven Peter Long, Melanie Ann Long, Universal Trustees LLP and Universal Lawyers Ltd, when, where, how and to whom any such funds were disposed of or transferred and on what basis and full particulars of the current location and holder of all Trust Funds not returned to the Applicants”;
- vi) By para 13(b) it ordered the Respondents to:
- “Give disclosure of all documents relating to the following: the Trusts including but not limited to the current location of all Trust Funds, the dealings with all and any trust funds and the nature and details of any third parties to whom Steven Peter Long, Melanie Ann Long, Universal Trustees LLP and Universal Lawyers Ltd passed any of the said trust funds”

- vii) By para 14, it ordered the Respondents within three working days after being served with the order to swear and serve on the Applicant's Solicitors an affidavit setting out the above information and exhibiting the said documents;
 - viii) By para 19 it dispensed with personal service on Mr Long under CPR 81.8;
 - ix) By para 20 it provided that service by first class post to the Ipswich addresses and by email would in each case amount to valid service of the order upon Mr Long.
21. The return date for each of the July orders led to a hearing before David Stone sitting as a Deputy Judge of the High Court on 30 July 2018. He broadly confirmed the three July Orders making adjustments which are not relevant to the current application.
 22. The three July Orders and their accompanying documents were served on Mr Long in accordance with the substituted service provisions. There was no response from Mr Long or any of the other Respondents to the July Orders. At the end of July and beginning of August, the Claimants engaged a process server to attempt to serve the documents personally on an address in Fontwell that they had discovered was the address to which Mr Long had been bailed after his arrest by the police. I refer to those attempts at personal service below.
 23. Again, nothing was heard from Mr Long following the delivery of the July Orders to the Fontwell address. At some point all the Claimants obtained money judgements in their claims. The total value of the judgment debts is about £4.4 million.
 24. On 2 November 2018 the Claimants in all three claims issued the committal application. Mr Long was contacted by the process server and they arranged to meet. At a meeting on 11 November 2018 the committal application with its accompanying documents including the three July Orders was personally served on Mr Long.
 25. Mr Long's first response to the July Orders therefore came as his response to the committal application. On 14 November 2018 he sent a statement which was initially unsigned but was later replaced by a signed copy. It was not in the form of an affidavit and did not contain a statement of truth. In the 14 November Statement Mr Long says that he is the subject of a criminal investigation being conducted by Norfolk and Suffolk police and has been interviewed under caution. He states he has been very unwell as to his mental state. He has been receiving medical treatment and attempted to commit suicide in September 2018. He considers that he is still very fragile though somewhat better than he previously was. He accepts that he has not responded to the orders made by the court. He says "I, quite simply, did not look at documentation which was sent over a period of time because I felt unable to deal with anything". He apologises to the court and to the applicants for the failure: "I trust it will be seen that I was in a very difficult place mentally as evidenced by my suicide attempt". He says that officers from Suffolk Police attended the premises of UTLLP on 23 April 2018 and took away all the documentary records and computers of the business and his personal electronic devices. He does not personally retain any documentation or digital records. The only means by which he could have access to such is if the police allowed him to do so. He does not know the location of the records but assumes they are held by the Suffolk Police. He says he would not raise any objection to a party who is an applicant in proceedings against him having access

to the documents held by the police. He says he has through his solicitors indicated that he would be willing to attend the Applicants' solicitors' offices to answer any questions they wish to put to him.

26. The 14 November Statement then goes through all 29 counts in the schedule to the committal application to give his response. In response to many of the allegations he says that he has not been in a fit mental state to deal with the proceedings and the requirements imposed by the court orders.
27. The medical evidence Mr Long has provided is as follows:
 - i) a record of his admission to hospital on 2 October 2018 after taking a mixed overdose when he was staying overnight at a hotel. He was discharged the following day. He is recorded as presenting with complaints which seem primarily about his difficult personal relationships with his wife and girlfriend. He does however also refer to the collapse of his business, to being pursued by journalists and to feeling scared and desperate. He describes the suicide attempt, his insomnia and the fact that his family have turned against him now that the good times he was able to provide for them on his previous £20,000 per week salary have come to an end. The author of the medical record states that his suicide attempt was an impulsive overdose in the context of relationship breakdown and significant psychosocial stressors and uncertainty. It records that Mr Long remains preoccupied with his relationship with his girlfriend and that he showed little insight into his own behaviour. At times he seemed to lack genuine remorse. He was described as having nil abnormality. The proposed plan was to keep him under general observation, have blood tests completed and for him to be followed up by the home treatment team.
 - ii) a letter dated 17 October 2018 from the Home Treatment Team East in Ipswich. This records that Mr Long was admitted to Ipswich Hospital following a significant mixed overdose of paracetamol, Ibuprofen, other drugs and alcohol. On discharge he was referred to the psychiatric liaison team. The initial assessment by that team was that the issues "were related to life stressors" including that he had recently been accused of fraud, had relationship problems and was left homeless and unemployed. It records that he now wanted to access talking therapies and he denied any current suicidal ideation. The diagnosis was that there was no psychotic disorder. He reported future oriented plans and planned to return to work.
 - iii) a referral letter dated 12 November 2018 from the Croft Practice in Chichester from a GP Dr Susan Rose to the Adult Mental Health Team at the Chapel Street Clinic. This describes how Mr Long attended surgery on 7 November 2018 describing a two year history of mental health problems with very stressful work life. It refers to him taking a mixed overdose in early October. The letter says "We note that no formal diagnosis was made by the admitting team and that he was not discharged on medication". It records that he has difficulty sleeping and has had for a long time. He has no current suicidal thoughts. The doctor gave him a self-help advice leaflet and information about "time to talk" talking therapies although she notes that the service may decline him given the nature of his recent serious overdose. She records that he now feels he can keep himself safe and his partner will be managing his medication.

She prescribed him sleeping pills and said she would review him in 2 to 3 weeks' time.

28. There is therefore no evidence to support any assertion of medical problems or other mental health problems either in March and April when he was required to comply with the March Reynolds Order or in July when he was expected to comply with the July Orders of Mr Johnson QC.
29. On 20 November 2018 Mr Long was granted legal aid for advice and representation in respect of the committal application. He instructed Maidments who were acting for him in the criminal investigation. On 28 November 2018 Mr Long provided some further information in response to the counts set out in the committal application. This was also in the form of a signed statement rather than in the form of an affidavit and it contained no statement of truth. It provides little additional information to the 14 November Statement but does set out a longer narrative as regards count 21. This count alleges his failure to provide details of the trust funds received by him, by Mrs Long and by various companies. He says in the 28 November Statement that he was appointed a trustee of many hundreds of trusts. The trust monies always went into Universal Trustees Client Account where they were held as one combined fund. I find that this narrative shows that Mr Long moved large amounts of trust money from one bank account or another into various supposedly "get rich quick" schemes in different jurisdictions, flying round the world to meet various supposed investment advisers. He accepts that he used client funds on a monthly basis to support the cash flow of business and his own and his family's expenses. He also seems to have used client monies to buy building plots in Spain. A significant difference between the 14 November Statement and the 28 November Statement is that in relation to almost all the counts relating to the July Orders he includes sentences reading "I was unaware of this order until 11th November. I have since tried to comply with it to the best of my ability".
30. Mr Long finally made an affidavit in these proceedings on 10 December 2018. In that Affidavit he says that for some time he has been very unwell as to his mental state and considers that he is still very fragile. He accepts that he has not looked at documentation which has been sent to him over a period of time because he felt unable to deal with anything. He had a major breakdown in 1999 but apart from that his mental health difficulties have gone unreported and untreated. He describes his difficulties from his teenage years on and off until 1999. He describes his dealings with Mr Simpson from 2006 and the various disastrous investments that he made through him. In paragraph 61 of the 10 December Affidavit he again goes through the different counts. He does not provide any significant additional information over and above that set out in 28 November Statement. He provides some more details of contacts he has had with Ray Simpson and Patty Stout.

The Allegations of Contempt

31. There was no dispute between the parties as to the test that the court must apply when considering whether allegations of contempt have been established. The burden of proof falls on the Applicants and the criminal standard of proof applies. A finding of contempt can be made only if I am satisfied beyond reasonable doubt that the breaches alleged have occurred. As regards the mental element, contempt of court is, in general, a strict liability offence. Provided that the alleged contemnor intended to

carry out the conduct which was prohibited, it is no answer to say that there was no direct intention to disobey the order. The court is not interested in examining the motive or intent behind the actions of an individual breaching the terms of an injunction.

32. Mr Long gave oral evidence at the hearing of the committal application. He stated that the information given in the 14 November Statement, the 28 November Statement and the 10 December Affidavit was true at the time he made those statements and remains true and he adopts those statements for the purposes of his defence to the committal application.
33. In the remainder of this judgment, where I make findings of fact or state that I am satisfied that an allegation has been proved, I make such findings and arrive at such conclusions on the basis that I am satisfied to the criminal standard of proof.

Counts 1 to 6: breaches of the March Reynolds Order

34. At the hearing of the committal application, Mr Long accepted that he was in breach of the March Reynolds Order as alleged in the first six counts of the committal application. Of those counts, the Claimants in their turn accept that Mr Long has, by service of the 10 December Affidavit, now complied with the obligations referred to in counts 1, 2, 3 and 4. They maintain that he is still in breach of count 5 because he has not provided any further correspondence with Mr Simpson at Universal Wealth Management. They also maintain that he is still in breach of count 6 because he is not provided any bank statements. They have acquired bank statements through bringing third-party disclosure applications, but those records are incomplete.
35. Mr Long says that he has complied to the best of his ability with count 5. He accepts that he has recently been in contact with Mr Simpson who rang him unexpectedly recently. For a period after his arrest, Mr Long was prohibited by his bail conditions from being in contact with Mr Simpson. He accepts however that he has not asked Mr Simpson who now resides in Portugal if he is able to provide any documents to reconstruct the records of the business.
36. I find that Mr Long is in continuing breach of count 5. He has made no attempt to find out if Mr Simpson can provide any information to enable him to comply with the March Reynolds Order and to enable the Claimants to try to track the money they have lost. I also find that Mr Long is in continuing breach of count 6. This raises the issue of his ability to obtain bank statements now his accounts are frozen. I deal with this issue below.
37. I therefore find that the Counts 1 to 6 relating to breaches of the March Reynolds Order are proven.

Counts 7 to 29: breaches of the July Orders

38. As to these counts, the Claimants do not accept that Mr Long has properly complied with any of them. In respect of counts 7, 8, 11, 12, 13, 14, 21, 22, 24, 25, 27 and 28, the Claimants maintain that Mr Long is in continuing breach. For the others, that is counts 9, 10, 15 – 20, 23, 26 and 29 they reserve their position because they are not

able to say because of the absence of information from Mr Long whether he is in continuing breach or not.

39. Mr Long's defence, presented at the hearing of the committal application by Ms Tanchel, was that he had not been aware of the three July Orders until he was personally served with them on 11 November 2018 together with the committal application. Since that time, he has done his best to comply with the Orders but compliance beyond what he has provided in the 14 November Statement, the 28 November Statement and the 10 December Affidavit has been rendered impossible because all his physical and digital records were taken by the police in April 2018 and he no longer has access to them.

(a) Mr Long's knowledge of the July Orders

40. As I have described, each of the July Orders included provision dispensing with personal service of the order on Mr Long pursuant to CPR r81.8. Those provisions were included on the grounds that there had been problems with identifying where Mr Long was living. The three July Orders were sealed on 16 and 17 July 2018. Ms Varma has given evidence by affidavit dated 7 December 2018 of how the July Orders were served on Mr Long. The July Orders were served by post to the Ipswich addresses on 19 July and were sent by email on 20 July to the email address specified in the July Orders. She exhibits the emails to her affidavit. There was no attempt to serve the documents personally on the Ipswich addresses because investigations shows that those were business addresses which appeared locked up and abandoned. The July Reynolds Order and the July Group Order were also served personally on Mrs Long.
41. On 27 July 2018, the Applicants' solicitors learnt that Mr Long's bail address was an address in Furlong Close, Fontwell, Arundel. They engaged a process server to attempt to serve him at that address. There is a statement from the process server, Jonathan Day dated 6 August 2018. The first attempt to serve at Furlong Close was Saturday 28 July 2018 at 12:05. A woman answered the door – it appears now that this woman was Mr Long's girlfriend's mother Maria Rees. She told Mr Day that Mr Long was not at home. Mr Day left without leaving anything at the house. On 1 August Mr Day went to the house again. No one answered the door though Mr Day records that windows were open at the house and a car was present. He left a notice of appointment asking Mr Long to make contact with him. Mr Day returned on 3 August at 19:45. This time the door was answered by Mrs Rees who again said that Mr Long was not at home. This time Mr Day left with Mrs Rees a substantial envelope containing a large number of documents including the three July Orders and the evidence supporting the applications for those orders. Mr Day records that Mrs Rees told him that she would pass the envelope to Mr Long when he returned to the house.
42. Mr Long gave evidence at the hearing of the committal application. He accepts that he was living at the Furlong Close house on these dates though he denies that he was in the house on any occasion when the process server attended the premises. Also living there were his girlfriend and Mrs Rees and he says it was Mrs Rees who answered the door to Mr Day on both the first and the third occasions. He says that he was unaware that the process server had attended the house on any occasion until he read the evidence supporting the committal application when it was served on him on 11 November 2018. He was in a poor mental state and unable to deal with any

correspondence. He says that the envelope left with Mrs Rees was not given to him but was simply placed in a pile with other letters coming through the post for him. He was not able to face handling any of these letters until his mental health improved. Mr Long did, however, accept that Mrs Rees had told him that someone had left an envelope for him but he ignored it; he did not see it or touch it until after 11 November. He accepts that he knew that he was being sued by Mr and Mrs Reynolds since he was aware of and had responded to the Reynolds Claim and he knew that the March Reynolds Order had been made. He also accepted that his estranged wife Mrs Long complained to him that she had been made subject to a freezing order and that she was having to deal with a lot of paperwork because of his conduct. He thought that that discussion had taken place in May rather than July. He also accepted that at some point his bank debit card stopped working but he denied that he inferred from this that a freezing order must have been imposed on his account.

43. So far as the email address is concerned, Mr Long said that all his business and personal electronic devices were seized by the police in April 2018 and have not been returned to him. He does not have the access codes to log on to the email address to which the documents were sent on 20 July 2018.
44. Ms Tanchel accepted that if the court was satisfied that Mr Long saw the documents or was aware of it then even if he did not open the envelope then the fact that his illness prevented him from opening the envelope and then complying with the terms of the July Orders did not prevent him from being in breach; that would be a factor going to mitigation of sentence only. She submitted, however, that if Mr Long was not aware that documents had been delivered or if he did not realise that they were documents which might impose legal obligations on him, then he could not be in breach of the terms of the July Orders at least until he became aware of them on 11 November 2018. She submitted that Mr Long needed to be aware that there were documents delivered that imposed an obligation upon him. In support of this submission Ms Tanchel relied on the judgments of the Court of Appeal in *P v P* [1999] WL 477824 (judgment of 14 July 1999). In that case the Court was considering an alleged contemnor who had severe physical (but not mental) disabilities so that although his IQ was potentially average and he ostensibly had full legal capacity, he had a limited ability to understand the importance of the injunction that ordered him to stay away from the former matrimonial home. The judges referred to the need for the court to be satisfied that the alleged contemnor “understands what he must not do” (*per* Butler-Sloss LJ). Judge LJ said that contempt cannot be established against an individual who, “unaware of the existence of the order, acts contrary to its terms”. Sedley LJ said that “What is necessary that a potential contemnor should understand is that an order has been made forbidding him to do certain things and that if he does them he may well be punished”. Ms Tanchel argued that if Mr Long was not aware of the existence of the documents, he could not be said to understand the obligations imposed on him.
45. I do not agree that what the Court of Appeal said in *P v P* is relevant here. That case was considering a very different question from the question that arises in the present case, namely how far a defendant must be able to understand the obligations imposed on him by a court order before he can be found to be in contempt of court if he fails to comply. In that case there was no issue of substituted service arising. Here the issue is not Mr Long’s capacity to understand the terms of the July Orders once he has read

them but rather at what point he is fixed with knowledge of the terms of the July Orders so that his failure to comply thereafter can be treated as a contempt. I agree with the submission of Mr Hyams, appearing for the Claimants in their application, that once the July Orders had been served on Mr Long in accordance with the substituted service provisions set out in the July Orders, personal service having been dispensed with, he is fixed with knowledge of their terms and his failure to comply is a breach. The question whether a respondent actually became aware of the order through substituted service would, of course, be highly relevant to the question of sentence for contempt.

46. Mr Long was fixed with knowledge of the terms of the July Orders on 19 and 20 July 2018 when they were served on him. His failure to comply with their terms thereafter amounts to a contempt. Here the Applicants do not rely only on that service but on their delivery of the documents into the hands of someone at the address where Mr Long was living. I am satisfied on the evidence that Mr Long was aware that a process server had delivered a substantial envelope containing what must be important documents to his home. There is no reason to suppose that Mrs Rees did not alert him to the arrival of the documents as she told Mr Day she would. The Claimants cannot be expected to produce proof of the private exchange that occurred between Mrs Rees and Mr Long within the house when Mr Long returned. The fact that he ignored the documents does not prevent him from being in breach although the reasons why he ignored them can be relied on in mitigation of sentence.
47. I therefore find that Mr Long was in breach of the July Orders from 19 and 20 July, alternatively from at least 3 August 2018.

(b) The removal of documents and digital media by the Police

48. The police attended Mr Long's premises on 23 April 2018 and removed, he says, all the documents and electronic files relating to the many trusts of which Mr Long was a trustee. This, he argues, has made it impossible for him to comply with the July Orders to any greater extent than he has done. Ms Tanchel relied on the judgment of Briggs J (as he then was) in *Hare & Dienne plc v Legion Group plc* [2009] EWHC 2693 (Ch) where he said at [32] and [33] that "failure to perform an impossible undertaking is not a contempt". The mental element required of a contemnor is not that he either intends to breach or knows that he is breaching the court order or undertaking, but only that he intended the act or omission in question and knew the facts which made it a breach of the order. Nonetheless, even a mental element of that modest quality assumes that the alleged contemnor had some choice whether to commit the relevant act or omission. An omission to do that which is in truth impossible involves no choice at all. Failure to comply with an order to do something, where the doing of it is impossible, may therefore be a breach of the order, but not, Briggs J held, a contempt of court.
49. On 21 November 2018, a police officer, Mr Ian Webb wrote to Mr Maidment acting for Mr Long with an update on the position regarding the documents and digital media seized by the police. The email referred to documents which had been removed from the address in Ipswich at which Mr Long had been served with process. It records that counsel had advised the police, having looked at a sample of the documents, that none of them was exempt from examination. The police had therefore begun the process of reviewing the contents of the boxes seized. The police

say that in the interests of fairness to Mr Long if there are any documents which he believes may be relevant and that he would like to bring to the early attention of the investigation team, he is invited to identify them by submitting any words or phrases that he would want to be included in the keyword searching process that the police were about to carry out.

50. In response to that email, Mr Maidment wrote on 21 November to Mr Webb describing the civil claims against Mr Long and the application for committal. He said that Mr Long has been very unwell in terms of his mental state and referred to his suicide attempt. He said that there seems to have been some modest improvement in his mental state and that Mr Long was anxious to assist the claimants by the provision of information if at all possible. Mr Long does not have access to the documents and that he has no objection to the Claimants' solicitors having access to any documents or information which are in the possession of the police. Alternatively, he has no objection to the police providing the Claimants' solicitors with the information in copy or digital format. As a further alternative Mr Long volunteers to go and examine the information and documents himself. He provided the police with a copy of the provisions in the July Orders which specify the categories of documents which Mr Long has been ordered to provide.
51. Mr Webb's response to that was that he had referred that to the Suffolk Police Force Solicitor for advice and would provide an update in due course. A different officer wrote to Mr Maidment on 27 November 2018 saying that the amount of material they hold is voluminous. Without further and better particulars of exactly what Mr Long requires and where this is located, they cannot sort through all the material to pick out the documents that Mr Long is supposed to provide. The police add, quite rightly, that the information sought relates to matters which must be within Mr Long's personal knowledge or to which he would have access if he requested it from his banks or other professional advisers who have worked with him in his schemes.
52. Mr Long has not done anything further to progress this with the police. He says he has not asked for help from third parties because he cannot pay any fees that they might demand for helping him.
53. I reject the suggestion that the police seizure of Mr Long's business files has made it impossible for him to comply with the July Orders. His efforts to gain access to the documents have been minimal. It is not enough for him to purport to comply by pushing onto the Claimants the burden of sorting through the mass of information to try to find the answers to the questions that the court has ordered him to provide. That would be an expensive and time-consuming exercise even if it were possible. He is the person who knows what is in the documents and how best to identify within the material the information that the Claimants need. Simply to say that he has no objection to the police allowing the Claimants to look at the material is a hopeless way to proceed.
54. Further Mr Long has made no attempt to provide specific documents such as bank statements. His purported excuse was that because the accounts were frozen, he did not know whether he could gain access to his bank statements. It is clear that he could have and he can have access. As he accepted in his oral evidence, he was able to log on to most of his bank accounts and download information. The Claimants' solicitors wrote to Lloyds Bank, where some of the key bank accounts are held and

they have confirmed that the imposition of a freeze on movements of money in a bank account does not affect the ability of the account holder to obtain copy bank statements either online, or by ordering them over the telephone or by attending a bank branch. Mr Long's response was simply to say that if the Claimants want him to, he is prepared to do this now. That is much too little and much too late. He also had to accept that he has made no attempt to obtain copy documents from Ray Simpson with whom he has recently been in contact. He has not asked Mr Simpson whether he has any copy documents which would assist the Claimants.

55. I therefore am fully satisfied that Mr Long is in breach of the July Orders in the ways alleged in counts 7 to 29 of the committal application. He failed to take any action at all in response to the obligations set out in those orders until 14 November. He failed to provide details of bank accounts or bank statements. He accepts that his disclosure of his personal assets in support of the freezing injunction relief was incomplete as he failed to mention properties he owns overseas.

Sentence

56. The parties referred me to the decision of Eder J in *Otkritie International Investment Management Ltd and ors v Gersamia and another* [2015] EWHC 821 (Comm). The Judge in that case adopted the principles set out in the Appendix to the judgment. The most serious penalty for contempt is committal to prison. Under section 14(1) of the Contempt of Court Act 1981, a committal order must be for a fixed term, and may not on any one occasion exceed 2 years. A person committed is entitled to unconditional release after serving half the sentence under the Criminal Justice Act 2003, section 258. Committal may serve two distinct purposes (*Lightfoot v Lightfoot* [1989] 1 FLR 414, 416–417 (Lord Donaldson MR)). First it is a punishment of past contempt and secondly it can secure compliance. It may be good practice, if the court's sentence includes elements of both, to make clear what period of committal is regarded as appropriate for punishment alone, i.e. what period would be regarded as just if the contemnor were promptly to comply with the order in question: *JSC Bank v Solodchenko (No 2)* [2011] EWCA Civ 1241, [2012] 1 WLR 350 at [56]. Committal may be suspended: CPR r81.29. This is a matter of discretion. Suspension may be appropriate as a first step, with a view to securing compliance with the court's orders: *Hale v Tanner* [2000] 1 WLR 2377, 2381 or in view of cogent personal mitigation: *Templeton Insurance Ltd v Thomas* [2013] EWCA Civ 35. The court may impose a fine. There is no statutory limit to the amount of a fine. Contempt of Court Act 1981, section 14(2). If a fine is an appropriate punishment it is wrong to impose a custodial sentence because the contemnor could not pay the fine (*Re M (Contact Order)* [2005] EWCA Civ 615, [2005] 2 FLR 1006). As a general matter, the court should bear in mind the desirability of keeping offenders, in particular first-time offenders, out of prison (see *Templeton Insurance v Thomas* at [27]). Imprisonment is the sentence of last resort and only appropriate where there is serious, contumacious flouting of orders of the court: *Gulf Azov Shipping v Idisi* [2001] EWCA Civ 21, at [72].
57. The key questions (apart from any mitigation made on the contemnor's behalf) are questions of culpability and harm. Relevant matters must include the extent of the failure to disclose; how long it has lasted; how far it has caused or might have caused harm; whether it was deliberate, and the reasons for it; whether it has been accompanied by positively misleading disclosure (e.g. pretence that disclosure has been given). In all cases, relevant mitigating factors include whether, and if so when,

the defendant has admitted the contempt; whether the defendant has expressed remorse; whether the defendant has, so far as he is able to, complied belatedly with the order or otherwise made amends for the wrong; the defendant's character and antecedents.

58. Applying those principles here, I note here that none of the counts alleges the provision of false or misleading information, they are limited to failure to provide information. Further, there is no allegation that assets frozen by the proprietary or freezing injunctions have been dissipated although Mr Hyams said that, given the lack of information provided, the Claimants are not in a position to say whether there has or has not been dissipation.
59. I take into account also in Mr Long's favour that this is not a case where he failed completely to respond to the March Reynolds Order. He has admitted his breaches of the March Reynolds Order and he has not claimed that he has fully complied with the July Orders. He served the two short affidavits in April 2018 and the two November Statements and the 10 December Affidavit once he had read the July Orders. I accept that he did not in fact read the July Orders before 11 November 2018 and that the reason for this was his fragile mental state.
60. Although as I have described there is no medical evidence covering the period July to the start of October I am prepared to accept that a substantial part of the reason why Mr Long did not respond to the July Orders was that he was unable to face dealing with the aftermath of the way he had behaved towards the many people who trusted him with their savings. If it had not been for the evidence of his serious mental health problems, the sentence I have imposed would have been significantly longer.
61. I accept also that he has not been arrested for a criminal offence before his arrest for the offences of fraud arising from these trust dealings. However, the credit for that is minimal since the frauds themselves were carried on over a substantial period of time.
62. These breaches are, however, very serious and deliberate. I find that the Claimants have been significantly prejudiced by Mr Long's failure to comply properly with the March Reynolds Order and the three July Orders. Because he failed to answer the March Reynolds Order fully, they have lost the opportunity to gain straightforward access to the documents which are now in the possession of the police. They have also lost what may be valuable time in trying to find out what has happened to the lost monies. With every month that passes when Mr Long withholding information in contravention of the court orders, the Claimants suffered the frustration of knowing that the chances of them being able to follow the payments of the money between bank accounts and to recover it must be slipping away.
63. There is no one to blame for the breaches of the court orders other than Mr Long. He has consistently failed to take elementary steps to obtain bank statements or other documents. He has put the Claimants to the expense of having to instruct their solicitors to bring applications against the banks for *Norwich Pharmacal* third party disclosure orders to obtain documents that Mr Long could easily have provided. They have had to pay not only their own solicitors' costs but also the copying charges passed on to them by the banks and in some cases the banks' legal costs for attending hearings. The chances of them being able to recover any of these wasted costs from Mr Long must be remote. They have also suffered significant prejudice as a result of

his failure to provide documents showing the nature of the relationship between the corporate Respondents and Mr Simpson of Universal Wealth Management. Mr Hyams told me that the Claimants want to seek redress from the Financial Conduct Authority in respect of Mr Simpson's conduct because it appears that unlike Mr Long, Mr Simpson was an authorised person regulated by the FCA. They cannot do this however without some better information about the advice that Mr Simpson supposedly gave Mr Long and upon which Mr Long says he relied.

64. I do not consider any credit should be given to Mr Long for having cooperated with the Claimants. The information provided in the 14 November Statement, the 28 November Statement and the 10 December Affidavit is incomplete and raises as many questions as it answers. He has failed to take proper steps even since he says he became aware of the July Orders to provide any useful details which might enable the Claimants to take steps to recover the money they entrusted to him. Mr Long's supposed assurances that he wants to assist or that he is prepared to answer any questions the Claimants' solicitors want to put to him are empty and pointless. He was under an obligation to provide whatever information he has in response to the court's orders. There is no mystery as to what the Claimants want to know – they want to know what Mr Long did with their money.
65. Mr Long has shown no genuine remorse for his failure to provide the information or documents ordered. The 10 December Affidavit is full of self-pity. He focuses entirely on the impact of his failures on his own mental state, his own physical and mental health and his own personal relationships. There is one perfunctory reference to apologising to the court and the Applicants for his failures. He expresses no real contrition – he feels sorry only for himself.
66. Although I have found Mr Long guilty of 29 separate counts, the gravamen of all the counts is the same and it is appropriate to impose the same sentence for each count, the sentences to run concurrently. I have concluded that a sentence of 8 months immediate custody is the minimum sentence appropriate to mark the court's disapproval of Mr Long's conduct.
67. **I therefore impose an overall sentence of 8 months' imprisonment.**

COMMITTAL APPLICATION: STEVEN LONG
ALLEGATIONS OF BREACHES OF ORDER SET OUT IN
COMMITTAL APPLICATION

Count	Order	Allegation
1	March Reynolds order §1(a)	Failure to provide the name of the account held with Lloyds Bank 22039168 referred to in 3/4/18 affidavit §3
2	March Reynolds order §1(a)	Failure to provide the name of the account held with HSBC 62521768 referred to in 3/4/18 affidavit §3
3	March Reynolds order §1(a)	Failure to provide the name of the account held with HSBC Hong Kong 62521768 referred to in 3/4/18 affidavit §3
4	March Reynolds Order §1(d)	Failure to provide the names and details of any individuals at Eminova Capital Group with whom he had dealings
5	March Reynolds Order §2(a)	Failure to provide correspondence passing between himself and Universal Wealth Management LLP save a small amount
6	March Reynolds Order §2(d)	Failure to provide bank statements
7	July Reynolds order §11(a)	Failure to provide information about the value, location and detail of his assets
8	July Reynolds Order §12	Failure to provide affidavit confirming the information about his assets
9	July Reynolds order §11(a)	Failure as a director of UTSL to provide information about UTSL's assets
10	July Reynolds Order §12	Failure to provide affidavit confirming information about UTSL's assets
11	July McDonald order §11(a)	Failure to provide information about his assets
12	July McDonald order §12	Failure to provide affidavit confirming the information about his assets
13	July Group Order §11(a)	Failure to provide information about his assets
14	July Group Order §12	Failure to provide affidavit confirming the information about his assets
15	July Group Order §11(a)	Failure as a director of UTSL to provide information about UTSL's assets
16	July Group Order §12	Failure to provide affidavit confirming information about UTSL's assets
17	July Group Order §11(a)	Failure as a member of UTLLP to provide information about the assets of UTLLP
18	July Group Order §12	Failure as a member of UTLLP to provide an affidavit confirming information about the assets of UTLLP
19	July Group Order §11(a)	Failure as a member of UTLL to provide information about the assets of UTLL
20	July Group Order §12	Failure as a member of UTLL to provide an affidavit confirming information about the assets of UTLL
21	July Group Order §13(a)	Failure to provide details of all Trust Funds received by each of himself, Mrs Long, UTLLP and ULL including full particulars of the current location and holder of trust funds.
22	July Group Order §13(b)	Failure in his personal capacity to give disclosure of all documents relating to the trusts
23	July Group Order §14	Failure in his personal capacity to serve an affidavit confirming details of all Trust Funds received by each of himself, Mrs Long, UTLLP and ULL including full particulars of the current location

		and holder of trust funds.
24	July Group Order §13(a)	Failure as a member of UTLLP to provide details of all Trust Funds received by each of himself, Mrs Long, UTLLP and ULL including full particulars of the current location and holder of trust funds.
25	July Group Order §13(b)	Failure as a member of UTLLP to give disclosure of all documents relating to the trusts
26	July Group Order §14	Failure as a member of UTLLP to serve an affidavit confirming details of all Trust Funds received by each of himself, Mrs Long, UTLLP and ULL including full particulars of the current location and holder of trust funds.
27	July Group Order §13(a)	Failure as a director of ULL to provide details of all Trust Funds received by each of himself, Mrs Long, UTLLP and ULL including full particulars of the current location and holder of trust funds.
28	July Group Order §13(b)	Failure as a director of ULL to give disclosure of all documents relating to the trusts
29	July Group Order §14	Failure as a director of ULL to serve an affidavit confirming details of all Trust Funds received by each of himself, Mrs Long, UTLLP and ULL including full particulars of the current location and holder of trust funds.