



Neutral Citation Number: [2020] EWHC 915 (Comm)

Case No: CL-2018-000332

IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION
COMMERCIAL COURT

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 17/04/2020

Before:

Lionel Persey QC sitting as a Deputy Judge of the High Court

Between:

Manchester Shipping Limited

Claimant

- and -

(1) Balfour Shipping Limited

Defendants

(2) Nikolay Viktorovich Sochin

Simon Goldstone (instructed by **Wikborg Rein LLP**) for the **Claimant**
James Willan (instructed by **Byrne & Partners LLP**) for the **Defendants**

Hearing date: 7 April 2020

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.

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Lionel Persey QC

Lionel Persey QC:

Introduction

1. As long ago as 17 January 2020 I heard the CCMC in this matter. The matter came back before me on 7 April in order to deal with some outstanding issues. These relate to:-
 - (1) The wording of the Case Memorandum.
 - (2) The wording of the List of Issues.
 - (3) A number of issues arising out of both parties' DRDs.
2. Since the matter last came before me the Claimant has issued a further summary judgment application and an application to amend. It had appeared from the earlier hearing before me that the only live issue remaining in the case was what, if any, loss was caused by the Defendants' admitted breaches. The Claimant's amended pleadings expressly raised the issue of dishonest assistance. Andrew Baker J., who considered the Claimant's applications on 5th March 2020, observed that "*why Mr Sochin did what he actually did is plainly in issue on the pleadings*". In the event the Defendants consented to the amendments. These amendments expressly raise allegations of dishonesty against Mr Sochin. They were consented to by the Defendants on the basis that the application for summary judgment would not be brought before the trial. The trial, which is fixed to commence on 19th October 2020, was extended from 5 to 7 days in order, I am advised, to accommodate the dishonesty allegations.
3. It is, therefore, now clear that allegations as to Mr Sochin's dishonesty will be considered at the trial. There is an issue between the parties as to the scope of the dishonesty that has been pleaded. The Defendants allege that the only pleaded allegation of dishonesty is that made in paragraph 50G.2 of the Re-Re-Re-Amended Particulars of Claim. That is not correct. There are many other allegations of dishonesty made against one or both Defendants (see, for example, paragraphs 19, 19A.1, 46.5(a), 48H.2(a) and 48L.1) and these are maintained. They are matters that fall to be investigated at trial.

The Case Memorandum

4. I attach at Attachment 1 what I consider to be the appropriate form of Case Memorandum in light of the pleaded issues.

The List of Issues

5. I attach at Attachment 2 what I consider to be the appropriate form of List of Issues.

Issues relating to the DRD

6. The Claimant's request of the Defendants

- 1(d) This is a request for disclosure of correspondence between the Defendants and any representative of KGK (including Mr Kosodybov). The Defendants say that they will already have given sufficient disclosure under Request 1(a)-(c) and that it is unnecessary and disproportionate for there to be disclosure of correspondence in addition. I disagree. I consider that the

Claimant is entitled to see the correspondence that it seeks in order to ascertain the whereabouts of the diverted charterhire.

- 3(a)(b) These are requests for disclosure of all documents relating to the Balfour charterparties together with bank statements of the First Defendant. The Claimant seeks Model C disclosure. The Defendants have offered Model A, on the basis that if any such payment was made it would be required to disclose the relevant bank statement as a “known adverse document”. In the alternative, the Defendants contend that Model C disclosure limited to “any document evidencing a payment under the Balfour Charterparties” is appropriate. I consider the Defendants’ alternative position to be reasonable and order Model C disclosure on this basis.
4. This is a request for disclosure arising out of the KGK insolvency proceedings. The Defendants say that these are all a matter of public record and have identified two websites. I did not understand the Claimant to have accessed these websites. I consider that they should have done so. I do not order disclosure of these matters.
- 7(a)-(x) These are broad requests which, it is said, go to the issue of what Balfour has done with the money it received from Maris in respect of the hire of the Shevchenko between May 2016 and October 2018. Mr Sochin has identified that payments were made but has not produced any of the underlying documents. The Claimant seeks Model C disclosure and has identified the kind of documents that should be produced. The Defendant resists this disclosure on the basis that it is unnecessary and disproportionate. I consider the requests to be well founded and therefore order Model C disclosure as sought.
- 8(a)-(b) These are requests for correspondence between the Defendants and L-Caspiy and between the Defendants and the Russian Interior Ministry regarding L-Caspiy. I am unable to identify any pleaded issue to which these requests go and disallow them.
7. 9 This issue is concerned with whether SMC chartered the Shevchenko to the Claimant. The Claimant’s case is that the documents proffered in support of the Defendant’s case are forged. I consider the Claimant’s Model C request for documents “pertaining to on which day and by which natural person the alleged charterparties were signed” and “documents relating to the communication of the fact of those charterparties” to be justified as had in fact been agreed by the Defendant prior to the hearing.
- 10 It seems that the parties now agree that Model D should apply to this issue.
- 23 & 24 The Claimant requests Model E disclosure in respect of the dishonest assistance claim. It does so on the basis that it would not be appropriate for disclosure to be confined to matters which Mr Sochin considers to be

relevant to honesty. The Defendants say that Model D is sufficient and that this case is not an exceptional case within the meaning of Model E. I have concluded that Model D disclosure is appropriate. In so doing, I have borne in mind the other disclosure that I have ordered, together with the requirement in paragraph 6.4 of PD51U which provides that an order for Extended Disclosure must be “*reasonable and proportionate having regard to the overriding objective, including ... 7) the need to ensure that the case is dealt with expeditiously, fairly and at a proportionate cost*”.

8. The Defendants’ requests of the Claimant

3. The only issue between the parties under this issue is whether entries in the Claimant’s bank statements to/from L-Caspiy, to/from KGK are not to be redacted. The Claimant has offered not to redact the L-Caspiy entries, but requires the KGK entries to be redacted. I agree with the Defendants that both categories are not to be redacted – it seems to me that the Defendants ought themselves to be able to investigate the payments in order to determine whether they relate to the debts which are the subject of these proceedings.
 - 5(a)(b) There is an issue between the parties as to whether the assignment between the Claimant and L-Caspiy was part of an improper or unjustifiable arrangement and whether the assignment was authentic. The Claimant wishes to limit the ambit of the disclosure sought by the Defendants. I do not consider it is appropriate for me to do so. I agree that there needs to be proper disclosure of the dealings between the Claimant and L-Caspiy and order the disclosure as sought by the Defendants.
 - 6(a)(d) These two requests are made in respect of the relationship between Mr Baranov and L-Caspiy. The Claimant wishes to remove the words “Manchester, Mr Townley ... [and] Nerida” from (a) part (iii), and to replace the following words in (d) “and any companies associated with him, except Manchester” with “Morwena” only. The Defendants argue that these requests reflect the pleaded case. I agree that they do and order their disclosure. I also agree that the request is not too wide because if L-Caspiy does not have a relationship with other companies associated with Mr Baranov then there will be no disclosure to give.
 - 6(a) bis This issue concerns what has happened to the funds paid by KGK to the Claimant’s assignee L-Caspiy and why they have not been paid to the Claimant. The Claimant wishes to limit this request to documents arising out of or relating to the criminal investigations concerning he alleged theft of those funds by Mr Systra. The Defendants say that the Claimant should disclose such documents as it may have in relation to any other suspects. I agree and so order.
9. Finally, there is an issue between the parties over the date range for which disclosure should be given in relation to issues 6 and 24. The Claimant considers that disclosure should be give up to the present date. The Defendants submit that the date range

should be extend until the end of 31 December 2017. In my view there may be relevant documents which post-date 31 December 2017 although it is extremely unlikely that they would post-date 31 December 2018 given that these proceedings were commenced in May 2018. I order that the date-range in respect of these two categories should be 1 June 2016 to 31 December 2018.

ATTACHMENT NO.1

Claim No: CL-2018-000332

IN THE HIGH COURT OF JUSTICE

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

COMMERCIAL COURT (QBD)

B E T W E E N:-

MANCHESTER SHIPPING LIMITED

Claimant/Applicant

-and-

**(1) BALFOUR WORLDWIDE LTD
(2) NIKOLAI VICTOROVICH SOCHIN**

Defendants/Respondents

CASE MEMORANDUM

INTRODUCTION

1. The Claimant (**‘Manchester’**) is an English company engaged in the chartering of vessels in (amongst other places) the Caspian Sea. The Second Defendant (**‘Mr Sochin’**) is a Russian businessman; the First Defendant (**‘Balfour’**) is an English company that Mr Sochin beneficially owns.
2. Manchester alleges that there was a fraudulent conspiracy between Balfour and Mr Sochin to divert charter hire from Manchester to Balfour. The hire in question was payable to Manchester from two charterers: KGK and MARIS. Manchester claims c. US\$9.2m plus interest and costs. Manchester alleges conspiracy, procurement of breach of contract, and breach of fiduciary duty. Manchester also alleges that the payment away by Balfour of the funds received from MARIS was a breach of trust and that Mr Sochin dishonestly assisted in that breach of trust.
3. With respect to KGK, the Defendants admit that they created back-dated replacement charterparties replacing Manchester with Balfour; with respect to the MARIS claim the Defendants admit that they created a back-dated ‘Addendum’ to the contract between Manchester and MARIS.

4. The Defendants:
 - 4.1 admit that they sought (successfully, in the case of MARIS) to divert hire from Manchester to Balfour;
 - 4.2 admit that they are, accordingly, jointly and severally liable for procuring KGK/MARIS' breaches of contract, and that Mr Sochin is also liable for breach of his fiduciary duty to Manchester;
 - 4.3 deny the charge of conspiracy and deny any dishonesty (on the basis that Mr Sochin says he believed the steps to be legitimate self-help). Manchester does not accept that Mr Sochin believed the steps to be legitimate;
 - 4.4 admit that MARIS paid to Balfour US\$3.9m which was received by Balfour on trust for Manchester ('the Trust Fund') and that it has been paid away. Balfour denies any breach of trust and Mr Sochin denies dishonestly assisting in any breach of trust.

5. The key remaining issues in the case are:
 - 5.1. causation and quantum of the losses in respect of the admitted breaches of duty; and
 - 5.2. Manchester's claims for breach of trust and dishonest assistance in respect of Balfour's payment away of the Trust Fund.

KGK

6. Pursuant to charterparties dated September 2015, KGK had hired three vessels from Manchester (the 'KGK Charterparties'): the 'Tur', the 'Tarpan', and 'Sowena'. In accordance with the charterparty terms, KGK took the vessels on hire from June 2016. KGK had failed to pay hire of c. US\$6.2 million due under the KGK Charterparties but, on 23 September 2016, made a payment proposal to Manchester; Mr Sochin informed KGK that the proposal was acceptable to Manchester but did not inform Manchester of the proposal. Mr Sochin then asked KGK to arrange for the payment to be made to Balfour instead of to Manchester. Manchester's case is that it would have accepted the proposal had Mr Sochin told it that the proposal had been made.

7. It is a matter of record that the Defendants admit that Mr Sochin concocted sham backdated charterparties with KGK relating to the same three vessels, backdated to 15 March 2016 (the 'Balfour Charterparties'). The Balfour Charterparties materially mirrored the terms of the KGK Charterparties between Manchester and KGK. Manchester was, at the time, unaware of the Balfour Charterparties.

8. KGK did not pay Manchester the hire due under the KGK Charterparties.

9. In November 2017, Balfour sued KGK for payment in Russia. Manchester joined the action (suing on the genuine KGK Charterparties) and later assigned its claim to Morshel-Caspiy (now renamed L-Caspiy), a Russian company. The terms of, and reasons for, the assignment are in dispute, as is its effect on Manchester's claim in these proceedings.

10. In the event, in February 2018, the Russian court dismissed Balfour's claim and found for Morshel-Caspiy.

11. Morshel-Caspiy has received at least RUB103,248,851.80 (c. US\$1.6m) from KGK. Those funds were frozen upon receipt, but it is in issue what has happened to them since. Manchester's position is that it has received nothing from KGK or Morshel-Caspiy.
12. KGK entered insolvency proceedings in January 2019.
13. The issue for determination by the Court is what loss, if any, has Manchester suffered as a result of the admitted breaches? The principal matters for determination by the Court in that regard are:
 - 13.1. Would KGK have been able to pay Manchester, and would it have done so, but for the admitted breaches?
 - 13.2. What (if any) effect does Manchester's assignment have on the quantum of damages?

MARIS

14. Pursuant to a charterparty dated March 2016, Manchester and MARIS entered a charterparty for the Shevchenko. The details of the charters/arrangements 'up the chain' from Manchester are not agreed between the parties.
15. The Defendants admit that in October 2016 Mr Sochin, purportedly on behalf of Manchester, signed an 'Addendum' with MARIS backdated to 30 June 2016, directing MARIS to make payments under the charterparty to Balfour for hire owing from 1 May 2016, therefore diverting hire due to Manchester.
16. In accordance with the Addendum, MARIS then paid Balfour c. US\$3.9m in respect of the charter hire that was owing in respect of the Shevchenko. The Defendants admit that the sums received by Balfour were held on trust for Manchester and that the trust fund has been paid out by Balfour.
17. By virtue of its failure to pay Manchester, MARIS was in breach of the charterparty: that failure is the breach of contract which the Defendants admit having procured, and in respect of which Mr Sochin admits breach of fiduciary duty. Manchester did not sue MARIS (for reasons which are in issue in the proceedings) and any claim that Manchester had is now statute barred under Russian law.
18. The issue for determination by the Court is what loss, if any, has Manchester suffered as a result of the admitted breaches? The principal matters for determination by the Court in that regard are:
 - 18.1. Did Manchester retain valuable rights to bring claims against MARIS and, if so, are the value of those rights to be taken into account in assessing Manchester's loss?
 - 18.2. But for the conduct about which Manchester complains, would SMC have withdrawn the vessel from service prior to October 2016? If so, what (if any) effect does that have on the quantum of Manchester's claim?

19. The Court must also determine Manchester's claim that Balfour committed a breach of trust by paying out the funds it received from MARIS and that Mr Sochin dishonestly assisted that breach. In particular:

19.1. Did Balfour commit a breach of trust?

19.2. If so, did Mr Sochin assist Balfour in the breach of trust? Was such assistance dishonest and (if relevant) part of a dishonest scheme? There is also an issue as to what law governs that claim and whether any such claim exists.

KEY PROCEDURAL STEPS

20. The proceedings have a lengthy history, but the following are the key steps which remain relevant for case management purposes:

20.1 17 May 2018: Claim Form issued (in respect of KGK claim only);

20.2 21 May 2018: Freezing Orders granted against the Defendants (in respect of KGK claim only);

20.3 14 August 2018: Claim Form amended to introduce MARIS claim (Mr Justice Popplewell adjourned an application to extend the Freezing Orders to the MARIS claim, with permission to restore);

20.4 6 October 2018: Defence served, admitting creation of backdated KGK charterparties and MARIS addendum, but denying liability on basis of 'justification' defence; Application issued by Defendants to discharge the Freezing Order;

20.5 11-12 November 2018: hearing of Defendants' application to discharge the Freezing Orders;

20.6 8 February 2019: Amended Defence (maintaining denial of liability for both MARIS and KGK claims);

20.7 11 February 2019: Application to discharge Freezing Orders dismissed;

20.8 16 May 2019: Claimant's application issued for summary judgment/strike out of Defendants' denials of liability;

20.9 12 October 2019: Defendants' Re-Amended Defence, admitting liability in part; admitting a constructive trust in respect of the MARIS claim; and introducing further defences on causation/loss for the KGK/MARIS claims;

20.10 21 October 2019: Knowles J grants consent to re-amend Defence (but preserving Claimant's right to apply for summary judgment thereon at CMC); and directs CMC;

- 20.11 18 November 2019: Re-Amended Reply;
- 20.12 6 December 2019: Rejoinder;
- 20.13 16 December 2019: Manchester issues application for interim account and summary judgment in respect of Maris claim;
- 20.14 17 January 2020: CMC. Contents of Rejoinder to be moved to Defence and Rejoinder to cease to stand as a statement of case;
- 20.15 14 February 2020: Manchester applies for permission to amend its Re-Amended Particulars of Claim to bring claims for breach of trust and dishonest assistance, and for summary judgment thereon;
- 20.16 5 March 2020: Defendants consent to amendments; Manchester undertakes not to move summary judgment (or similar) applications prior to trial;
- 20.17 20 March 2020: Defendants' Re-Re-Re-Amended Defence;
- 20.18 30 March 2020: Manchester Re-Re-Amended Reply.

Claim No: CL-2018-000332

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B E T W E E N:-

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**(1) BALFOUR WORLDWIDE LTD
(2) NIKOLAI VICTOROVICH SOCHIN**

Defendants/Respondents

**LIST OF COMMON GROUND AND ISSUES
IN ACCORDANCE WITH §6.3 COMMERCIAL COURT GUIDE**

1. Common Ground

(a) The KGK Claim

- 1.1 On 1 July 2015 the Claimant ('Manchester') appointed the Second Defendant ('Mr Sochin') its attorney pursuant to a PoA which was expressed to have a term of one year unless terminated earlier.
- 1.2 Mr Sochin is the beneficial owner of Balfour.
- 1.3 On 24 September 2015, pursuant to charterparties between Manchester and KGK ('the KGK Charterparties') Manchester chartered to KGK the following vessels ('the KGK Vessels'): Tarpan; Tur; Sowena.
- 1.4 On 23 September 2016, Mr Sochin's son sent an email to KGK attaching a letter identifying overdue debts owing from KGK to Manchester, including US\$6,189,060 in respect of the KGK Vessels. On 27 September 2016, KGK responded to Manchester (addressed to Mr Sochin) an offer admitting the debts and putting forward a proposed payment plan ('the KGK Payment Proposal'). On 29 September 2016, Mr Sochin informed KGK that the KGK Payment Proposal was acceptable to Manchester subject

to certain minor adjustments. Mr Sochin then asked KGK to arrange for the payment to be made to Balfour instead. Mr Sochin did not inform Manchester of the KGK Offer.

- 1.5 In October 2016, the First Defendant ('Balfour') purported to enter into charterparties with KGK relating to the KGK Vessels, backdated to 15 March 2016 (the 'Balfour Charterparties'). Mr Sochin signed the Balfour Charterparties. The Balfour Charterparties materially mirrored the terms of the charterparties between Manchester and KGK.
- 1.6 The Defendants admit (subject to causation and loss) that, by causing KGK to enter into the Balfour Charterparties and to pay Balfour instead of Manchester: (i) they are jointly and severally liable for procuring KGK's breach of contract under the KGK Charterparties and (ii) Mr Sochin breached his fiduciary duty to Manchester.
- 1.7 In November 2017 Balfour and Manchester each brought proceedings in Astrakhan against KGK for recovery of the KGK hire. In December 2017 Manchester assigned its claim to a Russian entity called Morshel-Caspiy (although the authenticity and terms of that assignment are in issue). The assignment was negotiated on behalf of Manchester by Mr Baranov. Manchester accepts that it must give credit for any sums it actually receives from Morshel-Caspiy.
- 1.8 In February 2018 the Commercial Court of Astrakhan allowed Morshel-Caspiy's claim and dismissed Balfour's claim.
- 1.9 In October 2018, KGK paid RUB 103,248,851 (c. \$1.62m) to Morshel-Caspiy in the course of enforcement proceedings in respect of the KGK Charterparties. The funds were immediately frozen upon receipt into Morshel-Caspiy's bank account (but there is no common ground as to what has happened to them since).
- 1.10 KGK entered into insolvency proceedings in Russia in January 2019.

(b) The MARIS Claim

- 1.11 On 31 March 2016 Manchester chartered to MARIS the Shevchenko at a rate of US\$24,500 per day ('the MARIS Charterparty').
- 1.12 In October 2016, Mr Sochin signed, in the stated capacity as Manchester's attorney, an Addendum to the MARIS Charterparty (under cover of a letter backdated to 30 June 2016) (the 'MARIS Addendum') recording that Manchester was indebted to Balfour. Manchester was not, at the time, indebted to Balfour. Pursuant to the MARIS Addendum, Manchester and MARIS purportedly agreed that MARIS was to pay Balfour rather than Manchester for the hire period beginning 1 May 2016.
- 1.13 In a number of tranches between October 2016 and June 2017 MARIS paid Balfour \$3.789m in respect of charter hire that was owing from MARIS to Manchester in respect of the Shevchenko. By virtue of its failure to pay Manchester, MARIS was in breach of the MARIS Charterparty.
- 1.14 The Defendants admit (subject to causation and loss) that, by causing MARIS to enter into the MARIS Addendum and to pay Balfour instead of Manchester, (i) they are

jointly and severally liable for procuring MARIS' breach of contract under the MARIS Charterparty, and (ii) Mr Sochin is liable for breach of fiduciary duty.

- 1.15 The Defendants admit that the sums received by Balfour were held on trust for Manchester and that the trust fund has been paid out by Balfour.
- 1.16 Manchester did not sue MARIS in respect of sums owing pursuant to the MARIS Charterparty. Any claim that Manchester had against MARIS is now statute barred pursuant to the one year limitation period provided by Russian Law.

2. ISSUES IN DISPUTE

(a) The KGK Claim

2.1 Were the Defendants' admitted breaches of duty dishonest?

- 2.1.1 What is the approach for assessing dishonesty?
- 2.1.2 To what extent (if any) is the Court to have regard to Mr Sochin's stated purpose in effecting the admitted breaches?
- 2.1.3 If relevant, what was Mr Sochin's purpose?
- 2.1.4 Were the Ark Charterparties genuine or, as the Defendants allege, were they forgeries?

2.2 What (if any) loss has Manchester suffered as a result of the admitted breaches of duty? In considering that issue, the Court may need to consider the following matters.

2.3 What is the correct legal approach to the question of whether Manchester sustained loss?

2.4 As to the KGK Payment Proposal:

- 2.4.1 Was Mr Sochin in breach of fiduciary duty by not informing Manchester of the KGK Payment Proposal?
- 2.4.2 Would Manchester have accepted the KGK Payment Proposal had Mr Sochin informed Manchester of it?
- 2.4.3 If so, what was the likelihood that KGK would have made payment to Manchester in accordance therewith?

2.5 Would KGK have failed and/or been unable to pay Manchester the sums due under the KGK Charterparties in any event because of its financial situation?

2.6 Did KGK pay Balfour pursuant to the Balfour Charterparties?

2.7 To what extent (if any) were Manchester's chances of being paid by KGK reduced because (so the Defendants allege) KGK discovered or formed the belief that Mr Baranov and/or Morwena had, in 2017, been involved with KGK's then former director in an improper scheme to divert earnings away from KGK?

2.8 What (if any) effect does Manchester's assignment of its rights to Morshel-Caspiy have on the quantum of damages? In particular:

- 2.8.1 Is the assignment an authentic document? If so, what were the terms of the assignment including, in particular, as to the termination of the assignment?
- 2.8.2 Has Morshel-Caspiy made payments in respect of the KGK Charterparties to Manchester? If and to the extent it has not, (if relevant) what has happened to those funds?
- 2.8.3 (If relevant) what payments Morshel-Caspiy is obliged to and/or will it make to Manchester in the future?
- 2.8.4 Was it reasonably foreseeable that Manchester would assign its rights to sue KGK to a Russian company?
- 2.8.5 Was Manchester (as the Defendants allege) the cause of its own loss insofar as it entered into an assignment permitting Morshel-Caspiy to retain part of the amounts due under the KGK Charterparties?
- 2.8.6 Was the assignment (both in principle and on the particular terms) reasonable mitigation / in breach of the duty to mitigate?
- 2.8.7 Has Manchester caused its own loss and/or failed to mitigate its loss by not exercising the termination rights in the assignment?
- 2.8.8 Are payments made by KGK to Morshel-Caspiy (as assignee) under the KGK Charterparties to be taken into account in assessing Manchester's loss in circumstances where Morshel-Caspiy has failed to account to Manchester under the assignment?
- 2.8.9 Has Mr Baranov and/or companies associated with him derived, or will he/they derive some benefit from the conclusion of the assignment? If so, should Manchester's damages be reduced?
- 2.8.10 Was the assignment entered into in connection with the (alleged) improper arrangements involving Mr Baranov referred to in paragraph 2.6 above?

(b) The MARIS Claim

2.9 Were the Defendants' admitted breaches of duty dishonest?

2.9.1 What is the correct approach for assessing dishonesty?

2.9.2 To what extent (if any) is the Court to have regard to Mr Sochin's stated purpose in effecting the admitted breaches?

2.9.3 If relevant, what was Mr Sochin's purpose?

- 2.9.4 Were the SMC Charterparties genuine or, as the Defendants allege, were they forgeries?
- 2.10 What (if any) loss has Manchester suffered as a result of the admitted breaches of duty? In considering that issue, the Court may need to consider the following matters.
- 2.11 What is the applicable legal approach to the question of whether Manchester sustained loss?
- 2.12 As to the (potential) claim against MARIS:
- 2.12.1 Did Manchester retain, following the admitted breaches of duty, valuable rights to bring a claim against MARIS, or would MARIS have had a defence to such claims under Article 182(1) and 189(2) of the Russian Civil Code?
- 2.12.2 If Manchester did retain valuable rights, what is the value of such rights? And is the value of those rights to be taken into account in assessing Manchester's loss?
- 2.13 What were the arrangements by which Manchester chartered in the Shevchenko:
- 2.13.1 Did Manchester charter the Shevchenko from Silverburn or from SMC?
- 2.13.2 If Manchester chartered the Shevchenko from SMC, what were the terms of charter? Are the charterparties on which the Defendants rely genuine, or, as Manchester alleges, are they forgeries?
- 2.13.3 Did Manchester pay invoices which referred to the written charterparty with SMC?
- 2.13.4 Was there, as Manchester contends, an "undocumented arrangement" between Manchester and SMC? If so, what were the terms of this arrangement?
- 2.14 But for the conduct about which Manchester complains, would Manchester have earned the hire that was diverted to Balfour?
- 2.14.1 Is the hypothetical counterfactual scenario asserted by the Defendants relevant to the assessment of damages?
- 2.14.2 Prior to October 2016 had SMC issued invoices to Manchester which Manchester was obliged to but had failed to pay?
- 2.14.3 Would SMC have been entitled to withdraw the vessel?
- 2.14.4 Would SMC have withdrawn the vessel? If so, when?

The Breach of Trust Claims

- 2.15 As regards the claim against Balfour for breach of trust:
- 2.15.1 When Balfour paid out the trust fund, did it do so in breach of trust?

2.15.2 If so, is Manchester entitled to equitable damages?

2.16 As regards the claim against Mr Sochin for dishonest assistance in that alleged breach of trust:

2.16.1 What law governs the claim in dishonest assistance? If the applicable law is Latvian or Russian law, do those laws recognise a claim for dishonest assistance in breach of trust?

2.16.2 Did Mr Sochin procure or assist Balfour in the payment out of the trust fund?

2.16.3 If so, was such assistance dishonest?

(c) Interest

2.17 Is Manchester entitled to compound interest on damages (if any) under s. 35 of the Senior Courts Act 1981?

2.18 At what rate and for what period is Manchester entitled to interest (whether compound or simple)?