



Neutral Citation Number: [2023] EWHC 2557 (Ch)

Case No.: CR-2022-004674

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

IN THE MATTER OF DERMAMED SOLUTIONS LIMITED (COMPANY
NO. 11192254)
AND IN THE MATTER OF THE COMPANIES ACT 2006

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

Date: 13 October 2023

Before:

HIS HONOUR JUDGE BAUMGARTNER
SITTING AS A JUDGE OF THE HIGH COURT

Between:

MOHAMMED SALEEM KHAWAJA

Petitioner

- and -

- (1) STELA STEFANOVA**
- (2) BIOTECHNOLOGIESUK LIMITED**
- (3) DERMAMED SOLUTIONS LIMITED**

Respondents

Gideon Roseman (instructed by **Mills Chody LLP**) for the **Petitioner**
David Berkley KC (instructed by direct access) for the **First Respondent**
The **Second and Third Respondents** did not appear and were not represented

Hearing date: 11 October 2023

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 (subject to editorial corrections) may be treated as authentic.

This judgment will be handed down by the Judge remotely by circulation to the parties' representatives by email and release to The National Archives. The date and time for hand down is deemed to be 2.00pm on 13 October 2023.

HIS HONOUR JUDGE BAUMGARTNER:

THE APPLICATIONS

1. There are four applications (together, the “**Applications**”) before the court:
 - (1) Mr Khawaja’s application, by notice dated 13 April 2023, for information about the Respondents’ assets;
 - (2) Ms Stefanova’s application, by notice dated 17 July 2023, to discharge or vary the freezing injunction made on 7 February 2023 (the “**Freezing Order**”);
 - (3) Ms Stefanova’s application, by notice dated 25 September 2023, to stay enforcement of Roth J’s costs order made on 8 September 2023; and
 - (4) Mr Khawaja’s application, by notice dated 2 October 2023, to prevent Ms Stefanova from opening any further bank accounts, to pay the turnover of the business carried out by Biotechnologiesuk Limited (“**Biotech**”) into its Barclays Bank account, and for further information about the Respondents’ assets.
2. The Applications are made in these unfair prejudice proceedings which have, as their genesis, a County Court action brought by Mohammed Saleem Khawaja, the Petitioner in these proceedings, against his business partner Stela Stefanova, the First Respondent, over a dispute between them arising out of a contract pursuant to which they were to operate a joint venture through a corporate vehicle called Dermamed Solutions Limited (“**Dermamed**”), the nominal Third Respondent in these proceedings. Biotech is the Second Respondent; its relevance will become apparent in due course.
3. It is fair to observe that to date these proceedings have been and remain bitterly contested (as are the underlying proceedings in the County Court), the result of which has been a number of interim applications and judgments (including findings of contempt against Ms Stefanova, and a suspended sentence of imprisonment in the result), even before the first case management conference. When the Applications were called on before me, at my encouragement the parties sought some short time to explore whether any of the issues arising could be resolved through discussion and mutual agreement: some were, but the bulk of the Applications remain contested.
4. A short chronology of the dispute relevant to the Applications follows.

CHRONOLOGY

The Agreement

5. In April 2018, Mr Khawaja and Ms Stefanova entered into an oral agreement (the “**Agreement**”) pursuant to which Ms Stefanova was to make Mr Khawaja a 50% shareholder and director of Dermamed. Dermamed was to buy and sell medicinal beauty products, such as dermal fillers.

County Court proceedings

6. In August 2020, Mr Khawaja brought proceedings in the Central London County Court, seeking specific performance and damages in lieu of or in addition to specific

performance. On 6 October 2021, following the trial of a number of preliminary issues, His Honour Judge Gerald gave judgment for Mr Khawaja, which, in summary, found as follows:

- (1) Ms Stefanova was not a credible witness, in that her oral evidence contradicted her pleaded case, the contemporaneous documents and the key surrounding circumstances;
- (2) Ms Stefanova had abandoned her pleaded case, and contradicted her witness statements;
- (3) her tactic was to deny what she had previously admitted, and to rely on a strategy of “dissing” Mr Khawaja and denying the undeniable;
- (4) her counterclaim for damages was “pure invention”; and
- (5) she had attempted to deceive Mr Khawaja into believing Dermamed’s business was failing.

The judge made a number of consequential orders, including an order requiring Ms Stefanova to provide a witness statement and specific inspection with respect to her personal financial position and Dermamed’s financial position, and an order for her to provide copies of all bank statements for which she had been or was a signatory.

7. Thereafter, Ms Stefanova failed to comply with His Honour Judge Gerald’s orders. On 16 September 2022, His Honour Judge Parfitt made an unless order, which included a penal notice, requiring her to do so.

Unfair prejudice proceedings

8. Following a non-party disclosure application against Barclays Bank, it emerged that Ms Stefanova had used significant amounts of Dermamed’s monies for her own purposes and had diverted the entirety of Dermamed’s business to the Second Respondent Biotech. Accordingly, on 12 December 2022, Mr Khawaja presented his unfair prejudice petition to the court and applied on an *ex parte* basis for a freezing injunction with respect to all of the Respondents’ assets. On 13 December 2022, Zacaroli J granted the freezing injunction, which included an order for Ms Stefanova to provide information, including an affidavit, about the Respondents’ assets and bank statements.
9. On 20 December 2022, Meade J continued the freezing injunction, re-ordered Ms Stefanova to comply with Zacaroli J’s order, and made a further order requiring her to provide copies of all bank accounts to which she was a signatory on a weekly basis going forward. Meade J’s findings included the following (see [2022] EWHC 3449 (Ch), at [6]):

“Ms Stefanova has known of [Zacaroli J’s order] for some days ... quite clearly she has put considerable effort into assembling documents to put herself in the position to resist the continuation of the order today ... she has conspicuously, and I very strong suspect deliberately, not complied with the disclosure order of Zacaroli J ... she has been in breach, very plain breach of the disclosure order of Zacaroli J”

10. On 7 February 2023, Dame Sarah Worthington KC, again, continued the freezing injunction. It is this freezing injunction – the Freezing Order – which Ms Stefanova now seeks to vary or discharge.

Contempt proceedings

11. On 29 March 2023, Richard Smith J found Ms Stefanova guilty of 30 separate grounds of contempt by reason of her failure to comply with His Honour Judge Parfitt’s unless order, including lying in her responses and her breaches of Zacaroli and Meade JJ’s freezing orders. The judge sentenced Ms Stefanova to prison for 8 months in total, but suspended the sentence on condition that she provided copies of “outstanding bank statements”, she having, in breach of Meade J and Dame Sarah Worthington KC’s orders, failed to provide any bank statements whatsoever since 28 January 2023.

Proven dishonesty

12. Gideon Roseman, who appears for Mr Khawaja, drew to my attention the following evidence and findings of Ms Stefanova’s proven dishonesty, which, he submits, is relevant to Mr Khawaja’s extant applications:
 - (1) In her further information served in purported compliance with His Honour Judge Parfitt’s unless order, Ms Stefanova stated that she had not received any salary from Dermamed in 2019 and 2020, and had only taken £30,000 in pension contributions. In her affidavit dated 27 March 2023, Ms Stefanova admitted this was a lie; she had, in fact, taken double the amount for a “*pension*” and many tens of thousands of pounds for an alleged “*salary*”. In opposing His Honour Judge Parfitt’s order, Ms Stefanova said that she had lied about having provided Mr Khawaja with copies of all her bank statements.
 - (2) Meade J found Ms Stefanova to have plainly breached Zacaroli J’s order for the provision of information, which he suspected was deliberate.
 - (3) Richard Smith J found her guilty of 30 separate grounds of contempt and that she had entirely failed, in breach of Meade J and Dame Sarah Worthington KC’s orders, to provide copies of any bank statements since 28 January 2023 onwards.
 - (4) Subsequent to the freezing injunctions, she secretly opened the following bank accounts and in breach of the freezing injunctions failed to provide copies of bank statements, thereby keeping the accounts hidden from Mr Khawaja:
 - (a) Metro Bank, in Biotech’s name;
 - (b) Santander Bank, on 6 January 2023 ; and
 - (c) Revolut, on 2 March 2023, in Biotech’s name.
 - (5) In response to Mr Khawaja’s solicitors’ email dated 16 March 2023 seeking information about Ms Stefanova’s Santander account, she instructed her solicitors not to provide any information but to ask Mr Khawaja for information about what he knew about the account.

- (6) At paragraph 24 of her affidavit dated 27 March 2023, Ms Stefanova stated that the only bank accounts she held in addition to those at Barclays Bank were accounts with Santander Bank and Metro Bank. She reiterated this in an email dated 14 April 2023 but, plainly, it was a lie. On 2 March 2023, Ms Stefanova had opened a bank account in Biotech's name with Revolut, which she proceeded to receive £17,931 and to spend the same, including at Argos, Ikea and Amazon.
- (7) Ms Stefanova has repeatedly refused to provide information about Biotech's business activities, including (a) information relating to the profits it has made; and (b) how its business differs from that of Dermamed.
13. At paragraph 3 of her affidavit dated 20 December 2022 served in opposing the freezing injunction from continuing, Ms Stefanova stated:

"I have opened all my bank accounts through the same Barclay [sic] Bank and have not tried to dispose of or move abroad any money or even hide anything. Everything is available in black and white, I have provided all my bank statements to [Mr Khawaja] ..."

Thus, taking Ms Stefanova's evidence at its highest, and the previous findings which have been made by the courts, it seems to me that her sole reason for opening accounts with other banks, particularly in circumstances of a freezing injunction, was in an attempt to hide her activities. There appears to me to be no legitimate reason why Ms Stefanova opened bank accounts in addition to the one opened for Biotech in February 2022.

ISSUES

14. The following issues arise on the Applications:
- (1) whether the court should restrain Ms Stefanova from opening any more bank accounts and order her to pay all monies she receives from any commercial activity into Biotech's bank account with Barclays;
 - (2) whether the court should order Ms Stefanova to provide the information and documentation set out in Mr Khawaja's applications dated 13 April 2023 and 2 October 2023;
 - (3) whether the court should permit or limit Ms Stefanova's salary to £3,600 per month;
 - (4) whether the court should discharge, set aside or vary the Freezing Order;
 - (5) whether the court should grant an interim mandatory injunction to force Mr Khawaja to authorise whatever payments Ms Stefanova demands out of Biotech's bank account; and
 - (6) whether the court should stay enforcement of the costs order made by Roth J on 8 September 2023.
15. Before me Ms Stefanova offered undertakings to the court to settle some parts of Issue 1, but not to Mr Khawaja's satisfaction. She undertook not to open any further bank accounts in the name of Biotech and/or Dermamed, and to pay the monies received from

any commercial activity into Biotech's bank account with Barclays. She refused, however, to offer an undertaking not to open any more bank accounts in her own name, although she said that she had no intention of doing so.

16. The parties could not agree on Issue 2, although some of the categories of documents being pursued have since been abandoned by Mr Roseman (*e.g.*, Schedule 2, paragraph 1) following service of Ms Stefanova's witness statement dated 4 August 2023.
17. Issue 3 was one of the issues which the parties could agree, and in the result can be dealt with by way of consent.
18. David Berkley KC, who appears for Ms Stefanova, did not pursue Issues 4 and 5 before me, but instead sought to have those aspects of Ms Stefanova's applications adjourned for determination at a later date. Mr Roseman opposed Mr Berkley's adjournment application and urged me to dismiss Ms Stefanova's applications as entirely without merit. I shall consider those submissions in due course.
19. Issue 6 remains unresolved, and is left for me to determine.
20. I take the outstanding issues in turn.

Issue 1

21. The question for me to determine on this issue is whether or not I should grant injunctive relief prohibiting Ms Stefanova from opening any more bank accounts in her own name. The undertakings offered by her through Mr Berkley KC are, in my view, sufficient to dispose of the other aspects of this issue, and Mr Roseman did not argue there was any reason why I should decline to accept those undertakings (because, *e.g.*, they fall within the scope of any of the exceptions identified in *Smith v Backhouse* [2023] EWCA Civ 874).
22. Although the analysis which follows is confined to this short issue, it is necessary to set out in detail the relevant legal principles before doing so.

Legal framework

23. An injunction will be granted if it is "just and convenient" to do so (Senior Courts Act 1981, s.37(1)), which, in terms gives rise to the well-known *American Cyanamid* criteria. So far as mandatory injunctions are concerned, there is a higher threshold to that of a "serious question to be tried" and an applicant must demonstrate a high degree of assurance they will succeed at trial: see *Locabail International Finance Limited v Agroexport* [1986] 1 WLR 657, at 664A-D per Mustill LJ.
24. The *American Cyanamid* principles, of course, cannot be applied literally to an unfair prejudice petition, since the common law remedy of damages is not available to a petitioner. As Hoffmann J said in *Re Postgate & Denby (Agencies) Ltd* [1987] BCLC 8, the court has to consider whether it is appropriate to grant interim injunctive relief in the context of its powers under the Companies Acts, which are now to be found in s.996 of the Companies Act 2006 (the "**2006 Act**"). In *Re Ravenhart Service (Holdings) Ltd* [2004] 2 BCLC 376, Etherton J granted an interim prohibitory injunction to prevent the majority director from continuing to freely deal with the company's assets where the relief which the petitioner sought was an order that the respondent purchase his shares,

there being evidence of the respondent misappropriating the company's assets in breach of their duties. Etherton J said this:

“[97] There is, in these circumstances, no question of balance of convenience. If, however, there was a question of balance of convenience, the balance would be in favour of granting the injunction. Bearing in mind the totality of the alleged defalcations in the conduct of the affairs of the company and the subsidiaries, I can make no assumption about the ability of the respondents to pay the amount of the fair value of the petitioner's shares. There is no evidence before me at all as to [the respondents'] assets and ability to pay ...

...

[102] ... Bearing in mind the other conclusions I have reached, it seems to me to be manifestly proper and sensible to grant such interim relief, protecting the assets of the company pending the determination of the petition. ...”

25. Section 994(1) of the 2006 Act provides that a member of a company may petition for an order under s.996 on the ground (a) that the company's affairs are being or have been conducted in a manner that is unfairly prejudicial to the interests of members generally or of some part of its members (including at least himself), or (b) that an actual or proposed act or omission of the company (including an act or omission on its behalf) is or would be so prejudicial.
26. By s.172 of the 2006 Act, a director has a duty to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so are mandated by s.172(1)(f) to have specific regard (amongst other matters) to “the need to act fairly as between members of the company”. Non-compliance by directors with their fiduciary (or, for that matter, statutory) duties will generally indicate that unfair prejudice has occurred (see *Re Tobian Properties Limited; Maidment v Attwood* [2012] EWCA Civ 998, at [22] per Arden LJ), such that the petitioner should be granted a remedy under s.996 of the 2006 Act.
27. Where a director has acted in breach of their statutory duties, it is not necessary for a petitioner to establish financial loss in order to establish prejudice for the purposes of s.994. This is because a breach of duty of this nature can cause prejudice *per se*, as that kind of conflict is “corrosive of good administration and trust between shareholders and directors”: *Re Edwardian Group Limited; Estera Trust (Jersey) Limited v Singh* [2018] EWHC 1715 (Ch) , at [339] per Fancourt J.
28. The misappropriation of the company's property or assets can constitute unfairly prejudicial conduct. In *Re Elgindata Ltd* [1991] BCLC 959, the majority shareholder had used the company's money for his personal benefit and for the benefit of his family and friends. Warner J held (at 1004g):

“By its very nature the misapplication of a company's assets by those in control of its affairs for their own benefit or for the benefit of their family and friends, is unfairly prejudicial to the interests of minority shareholders.”
29. Section 996(1) of the 2006 Act provides:

- “(1) If the court is satisfied that a petition under this Part is well founded, it may make such order as it thinks fit for giving relief in respect of the matters complained of.
- (2) Without prejudice to the generality of subsection (1), the court’s order may—
- (a) regulate the conduct of the company’s affairs in the future;
 - (b) require the company—
 - (i) to refrain from doing or continuing an act complained of, or
 - (ii) to do an act that the petitioner has complained it has omitted to do;
 - (c) authorise civil proceedings to be brought in the name and on behalf of the company by such person or persons and on such terms as the court may direct;
- ...
- (e) provide for the purchase of the shares of any members of the company by other members or by the company itself and, in the case of a purchase by the company itself, the reduction of the company’s capital accordingly.”

30. If the court makes a finding of unfair prejudice within the meaning of s.994 of the 2006 Act, it has to consider the range of possible remedies provided for in s.996 and choose the one(s) (if any) which, in its assessment, is or are most likely to remedy the unfair prejudice and to deal fairly with the situation which has occurred. In the exercise of its wide discretion, the court must take into account all of the circumstances of the case to do what is considered fair and equitable: see *Re Bird Precision Bellows Ltd* [1986] Ch 658, at 669 per Oliver LJ.

31. The most common order remains a share purchase order, especially as for the purpose of establishing the price payable under a buyout order the courts adopt a flexible attitude to share valuation, the court’s wide discretion must be exercised judicially and on rational principles. In granting relief, the court’s first task is to identify the unfair prejudice which has been established, and then to fashion the relief so as to cure that prejudice: *Re Blue Index Limited* [2014] EWHC 2680 (Ch), at [21] per Robin Hollington QC. After conducting an extensive review of the relevant authorities, in *Apex Global Management Limited v Fi Call Limited* [2013] EWHC 1652 (Ch), Vos J concluded (at [125]):

“In my judgment, these authorities all speak with one voice. They show that ss.994-996 provide a wide and flexible remedy where the affairs of a company have been conducted in a manner that is unfairly prejudicial to the interests of some or all of its members ... Artificial limitations should not be introduced to reduce the effective nature of the remedy introduced by ss.994-996.”

32. And, further, in *Palmer v Loveland* [2017] 8 WLUK 192, at [41], Warren J said this:

“... the court must have jurisdiction to prevent, during the course of the petition, a company from dissipating its assets. That jurisdiction, reflecting what has been said in other cases, may not properly be seen so much as what used to be the *Mareva* jurisdiction, and now is the freezing order jurisdiction, but simply an aspect of the court’s powers to grant injunctive relief to prevent wrong-doing”.

Warren J was followed by Andrew Lenon QC in *Re Profile Partners Limited; Gott v Hague* [2020] EWHC 1473 (Ch), at [66]. In *Palmer v Loveland*, Warren J went on to say this (at [45]):

“Just as in the context of the section 994 petition, the petition itself founds jurisdiction for injunctive relief against Starlight, so too Ms Palmer should, in my judgment be entitled to injunctive relief against a third party recipient of Starlight’s assets, especially where the principal relief is against a person who owns or controls the recipient company, as in this case, and is in *de facto* control of the company, in this case Starlight itself.”

Analysis and conclusions

33. As I have already set out above, Ms Stefanova has sought to avoid the effect of the Freezing Order by secretly opening bank accounts and paying monies from Dermamed/Biotech’s business into those accounts. That conduct, in combination with her dishonesty, has in my judgment clearly has undermined the efficacy of the Freezing Order, the purpose of which is to prevent Ms Stefanova from misappropriating Dermamed/Biotech’s assets and/or to make herself “judgment proof” pending determination of these proceedings. It was for those reasons that Mr Roseman submits the court ought to grant the orders sought by Mr Khawaja in his applications as an effective and efficient way of policing the Freezing Order without the costs and expense of repeated enforcement applications to the court or the appointment of a receiver and manager over Dermamed. As I mentioned, the only issue remaining for me to determine in this connection is whether or not I should grant injunctive relief prohibiting Ms Stefanova from opening any more bank accounts in her own name.
34. The unavoidable fact for Ms Stefanova is that she has breached every order made in the County Court between 29 March 2021 and 16 September 2022. Her contempt for the orders of this court appears to be equally palpable. In the context of the present dispute, particularly given the Freezing Order and the findings of contempt against her, I cannot see any legitimate need for her to use any personal bank account in addition to the ones which have been identified to the court.
35. In my judgment, there is plainly a serious question to be tried and/or a high degree of assurance that Mr Khawaja will succeed at trial. He has already succeeded at trial in the County Court on the issue as to the existence of the Agreement; Ms Stefanova has conceded that he has, at all material times since April 2018, been a 50% shareholder of Dermamed. Her credibility has been significantly dented, which suggests to me that it is inherently unlikely that the trial judge in these unfair prejudice proceedings, in the absence of cogent and incontrovertible contemporaneous documentary evidence, will accept anything she says as true. This court has already accepted that Mr Khawaja has a good arguable case, given it granted him a freezing injunction on an *ex parte* basis and continued it after two contested hearings.

36. As to the merits of Mr Khawaja's petition, I consider them to be strong. He has already succeeded at trial in the County Court as to the existence of the Agreement, which means that, in equity, since April 2018 he has been an equal shareholder of Dermamed. As I mentioned, Ms Stefanova made Mr Khawaja a 50% shareholder in Dermamed with effect from 1 April 2018. She admits, nonetheless, that she has treated Dermamed as if she has been the sole shareholder: she unilaterally decided to only pay to herself substantial dividends, to use over £116,000 of Dermamed's monies to pay her own legal fees, and paid over to herself Dermamed's alleged net profit of £252,054. It is also evident to me that Ms Stefanova has diverted the entirety of Dermamed's business to Biotech: she failed to renew Dermamed's ability to trade, which was confirmed by the Medicines and Healthcare products Regulatory Agency on 12 April 2022 (the same day Ms Stefanova spent £68,000 on a Mercedes motor vehicle). Her evidence is that Biotech was trading in the period February 2022 to December 2022, although she says Biotech did not commence trading as a pharmacy until sometime in 2023. Moreover, it is evident to me (particularly from the bank account statements referred to during Mr Roseman's submissions, and from her own admissions during the appeal of her sentence for contempt) that Biotech continued dealing with Dermamed's suppliers and clients. Ms Stefanova has failed to give any explanation as to what business activities Biotech was carrying out prior to it, allegedly, providing pharmacy services in 2023.
37. As to the issue of preventing Ms Stefanova's wrongdoing, Mr Roseman submits that, as His Honour Judge Gerald found, Mr Khawaja has had a specifically enforceable right to be made a director of Dermamed since April 2018 and to be made an equal shareholder of Dermamed, Ms Stefanova having herself made him a 50% shareholder with retrospective effect from April 2018. Accordingly, Ms Stefanova was in plain breach of her directors' duties by (a) diverting the entirety of Dermamed's business to Biotech, (b) making any form of distribution to herself, and (c) secretly opening bank accounts and/or failing to pay monies from the business into Dermamed's bank account.
38. Mr Roseman submits that Ms Stefanova has repeatedly breached the freezing injunctions, particularly as regards providing copies of bank statements; that she has been secretly opening up bank accounts and lied about having done the same, and whilst failing to provide copies of bank statements for the accounts she has both disclosed and secretly opened; and she has failed to pay all monies realised from the business into Biotech's Barclays account. Mr Roseman further submits that:
- (a) prior to the freezing order made on 13 December 2022, Biotech's bank account balance increased throughout 2022 but, subsequently, it has constantly decreased; there is, however, no evidence of any downturn in its business activities, and so it must necessarily follow that Ms Stefanova is not paying the business's turnover into the Barclays account;
 - (b) Ms Stefanova has refused to provide any documentation or information about Biotech's profitability, particularly the documents relied upon by its accountants supporting the corporation tax bill of £27,000 (which suggests it is a profitable business); and
 - (c) the business generates lots of cash payments that can easily be misappropriated.

Mr Roseman submits that Ms Stefanova has provided conflicting explanations about important financial matters arising from her use of the secret bank accounts:

39. I pause here to consider the coming about of the Santander account. One version of Ms Stefanova's explanation for the Santander account was that she was paying all of her living expenses allowance from the Barclays living expenses account into the Santander account to pay for Biotech's expenses, particularly the Regency office rent payment. In an email to Mr Khwaja's solicitors dated 14 April 2023, Ms Stefanova said this:

"I can confirm that all sums paid in cash in to Santander account were cash that I withdrew from Barclays as my weekly living allowance. I did not feel safe or comfortable carrying cash around in public. As you see the payment leaving Santander account are for my daughter activity, charging my electric car and other daily living expense. Jeff paid via bank transfer the child support there as well. As for £10,247 paid to Regency asset was for office rent for the business [Biotech], please see attached contract for the office rent, please authorise £10,247 to be transferred from [Biotech's] Barclays Bank account to my personal bank account in Barclays Bank."

40. I find that explanation difficult to reconcile on the figures. If Ms Stefanova used the entirety of her living expenses allowance for the £10,247 incurred in office rent, then it begs the question as to how she was paying for all her living expenses, which on the papers look to be substantial (paragraph 7 of her affidavit of 30 January 2023 refers). It is clear from Ms Stefanova's pre-freezing injunction bank statements that she was paying for council tax, her mortgage, utilities and the usual expenses out of her Barclays account (ending 1745), but, after the Freezing Order, there is an absence of these expenses being paid from the bank accounts which she has disclosed.
41. In drawing all those threads together, Mr Roseman submits they only point one way: to Ms Stefanova having either (a) failed to pay all cash payments into Biotech's bank account, which she is, continuing, to spend on herself, and/or (b) paying the turnover into another unknown bank account. He submits the only way to achieve the position where (a) Ms Stefanova is not breaching her directors' duties and/or duties owed to Mr Khawaja pursuant to the Agreement, and (b) to give the Freezing Order utility is for Ms Stefanova to be enjoined from opening any further bank accounts.
42. Mr Berkley KC opposes the injunction on the grounds that it would be disproportionate and unnecessary. Ms Stefanova has, he submits, confirmed at paragraph 117 of her witness statement dated 9 October 2023 that she has disclosed all of her bank accounts and that there is no need for the injunction sought. He further submits that, if any order is to be made, then it ought not be to subject to a penal notice.
43. I cannot accept Mr Berkley KC's last submission: it would give the order no teeth should Ms Stefanova ignore or fail to comply properly with it. Whilst I have carefully considered the merits of his other submissions and the prejudice to Ms Stefanova, in the end I am persuaded by Mr Roseman's submissions that it is proper and sensible to grant the interim relief sought in order to protect the Dermamed's asset pending determination of Mr Khawaja's petition. Although Ms Stefanova has said that she has no intention of opening any other bank account, she admits the only reason why she would open multiple bank accounts with other banks is if she wanted to keep her activities secret, and it seems to me that the inexplicable gaps in her current finances and in Biotech's finances suggest the full picture remains undisclosed. She can, of course, seek to vary by consent with Mr Khawaja's solicitors the order which I shall make, something which mitigates against the objections raised by Mr Berkely.

44. I grant this aspect of Mr Khawaja's application accordingly.

Issue 2

45. I mentioned that some of the categories of documents sought in the draft order are no longer pursued. Mr Berkley KC opposes the orders sought *in toto*, however, as being oppressive and amounting to interrogatories that are best dealt with in the general management of the case. He questions whether such orders are necessary for Mr Khawaja to police the Freezing Order, and raises the spectre of further and possible committal applications should the orders sought be granted. He complains these applications are draining Ms Stefanova's resources. Mr Berkley also raises the prospect of Ms Stefanova's privilege against self-incrimination being pierced and, given the late hour of his instruction, urged me to adjourn this aspect of the application until the case management conference so that Ms Stefanova could seek additional legal advice about the scope of this issue.
46. I decline to adjourn this aspect of Mr Khawaja's applications. Ms Stefanova has chosen to conduct parts of these proceedings on her own behalf, without representation, and the court cannot allow her decision to instruct lawyers on other parts to put off the timely management and disposal of applications made to the court. If she wishes to claim privilege against self-incrimination, then she can do so. No order which I make affects that position.
47. In determining Mr Khawaja's application, I must consider whether the orders sought are necessary to give the Freezing Order efficacy. Mr Roseman submits that the information and documentation sought to explain Dermamed/Biotech's business activities are needed to understand the business's true trading position. That submission needs to be examined against the legal framework of the application.

Legal framework

48. Section 37 of the Senior Courts Act 1981 provides, in relevant part:
- “(1) The High Court may by order (whether interlocutory or final) grant an injunction or appoint a receiver in all cases in which it appears to the court to be just and convenient to do so.
- (2) Any such order may be made either unconditionally or on such terms and conditions as the court thinks just.”
49. CPR r.25.1(1)(g) provides that the court may make:
- “an order directing a party to provide information about the location of relevant property or assets or to provide information about relevant property or assets which are or may be the subject of an application for a freezing injunction.”
50. A general principle is that applicants for injunctive relief are entitled to information either to assist in giving effect to the injunctive relief or to assist them in undoing the harm which has been unlawfully done: see *Tullett Prebon plc v BGC Brokers LP* [2009] EWHC 819 (QB), at [18] per Jack J.

Analysis and conclusions

51. There are two parts to this aspect of Mr Khawaja's application.
52. As regards to the 13 April 2023 application, Mr Khawaja seeks copies of credit card statements for all credit cards used by Ms Stefanova; information and documentation about (a) the payment out of the Santander account on 21 February 2023 (for the £10,247 in office rent I mentioned above), and (b) the cash payments into the Santander account; a list of Ms Stefanova's assets acquired since 20 December 2023; and a list of Dermamed and Biotech's assets.
53. Ms Stefanova provided a witness statement dated 4 August 2023 setting out some of the information requested, and so she has, albeit belatedly, provided the information set out in paragraphs 1 and 2 of the Schedule to the draft order. An order in those terms is no longer sought by Mr Roseman. There are, however, other parts of the 13 April 2023 application which remain unaddressed:
 - (1) Ms Stefanova has not provided information about her assets worth more than £1,000 acquired since 22 December 2022, being the date of her affidavit of assets served pursuant to Zacaroli and Meade JJ's orders. Since that date, Ms Stefanova has opened up numerous bank accounts and been using credit cards. I accept Mr Roseman's submission that, in the circumstances, Ms Stefanova should provide up-to-date information about her assets.
 - (2) As to Dermamed and Biotech's assets, Ms Roseman submits that, given that Ms Stefanova is the only person with day-to-day conduct of the business, this is information that only she can provide, being information that must be disclosed to give the Freezing Order proper utility. Again, I accept that submission.
54. As regards the 2 October 2023 application, Mr Roseman told me that it has the same objective to that of the 13 April 2023 application, which is to support the Freezing Order and afford it with proper utility and to prevent Ms Stefanova from continuing to breach her directors' duties and/or duties owed to Mr Khawaja personally. Mr Roseman submits that, in order to avoid the potentially draconian scenario where a receiver and manager is appointed to take over from Ms Stefanova, it is imperative that Mr Khawaja be provided with a sufficient amount of transparency with respect to the business of Dermamed and Biotech to enable him to, efficiently, ascertain whether Ms Stefanova is (a) paying all monies realised from the business into a single bank account; (b) only making payments for legitimate expenses of the business; and (c) no longer treating Dermamed/Biotech as an extension of her own "purse".
55. Again, I accept that submission. Had Ms Stefanova not failed to comply with previous orders of this court and accounted fully for her personal financial affairs and that of the business, I would be less inclined to find that such an order would be just and convenient. I am, however, persuaded that the only way of achieving Mr Khawaja's objective is for Ms Stefanova to provide a list of Dermamed and Biotech's previous and existing customers; to set out the full names of all customers who have previously paid monies into Dermamed and Biotech's bank accounts; and, moving forward, on a fortnightly basis to provide the identity of people she is contracting with, details of transactions and copies of relevant documentation with respect to the same, and a list of business expenses. I do

not see this is any great additional burden upon Ms Stefanova, given her day-to-day running of the business means that she will have this information readily to hand.

56. For the same reasons, I accept that Ms Stefanova should provide information and documentation concerning her use of the account opened with Revolut Bank.
57. I grant these aspects of Mr Khawaja's application accordingly.

Issues 4 and 5

58. Issues 4 and 5 arise out of Ms Stefanova's application dated 17 July 2023 to discharge, set aside or vary the Freezing Order. Mr Berkley KC did not pursue the 17 July 2023 application before me, but instead sought its adjournment to the forthcoming case management conference. Mr Roseman asked me to dismiss Ms Stefanova's application as misconceived and without merit, and so I will, at least, consider the application on its merits before determining whether I should adjourn it as Mr Berkley sought.
59. The bases for Ms Stefanova's application are, first, that Mr Khawaja has breached the freezing injunctions by failing to "*set out cross undertaking in obtaining the freezing injunctions*" and, secondly, that that Mr Khawaja has failed to authorise Biotech's business expenses. Ms Stefanova also seeks, as relief for the second basis, an interim mandatory injunction to force Mr Khawaja to authorise payments Ms Stefanova seeks out of Biotech's bank account.
60. In my judgment, the first basis is misconceived: there is no provision in the Freezing Order, or indeed any of the freezing injunctions granted in these proceedings, for Mr Khawaja to do anything as regards his cross-undertaking in damages. Further, not only is Ms Stefanova not bringing any counterclaim against Mr Khawaja for any relief, but she also appears to be denying that Biotech misappropriated Dermamed's business, which, means that there is no underlying cause of action pursuant to which the court can grant any injunction against Mr Khawaja. This court does not grant injunctions in the abstract; there must be an underlying cause of action. And, unless Ms Stefanova admits causing Biotech to misappropriate the entirety of Dermamed's business and/or Mr Khawaja's case is that the corporate veil should be pierced and Biotech should be treated, in equity or otherwise, as Dermamed, Ms Stefanova is, in effect, demanding that Mr Khawaja liaise with Biotech's bankers in some unknown capacity to require them to authorise payments to third parties out of Biotech's bank account. Given Ms Stefanova's evidenced dishonesty, her contempt of court and her demonstrated conduct to undermine the utility of the Freezing Order, coupled with the absence of any supporting documentation for her application, it is impossible to see how I can sensibly entertain her application for the injunction that she seeks.
61. The second basis is also misconceived. Although paragraph 10(4) of the Freezing Order requires Mr Khawaja to provide reasonable assistance to Ms Stefanova to enable her to rely on the living expenses and legal expenses exception in paragraph 10(1) of the order, there is no obligation on Mr Khawaja to render any such assistance in relation to Dermamed and Biotech's exceptions in paragraph 10(2). As the application was not pursued by Mr Berkley KC, I did not hear oral submissions from him about whether I should treat this aspect of Ms Stefanova's application as an *Angel Bell* exception. If Ms Stefanova wishes to pursue such an application at some later stage, then of course she can, but if she does so it must be properly supported by information and documentation

with respect to the payments in question. Bare and uncorroborated assertions of “*business expenses*” relating to alleged employees’ wages are meaningless.

62. Accordingly, the application to adjourn Ms Stefanova’s 17 July 2023 application is refused, and I dismiss the 17 July 2023 application in its entirety.

Issue 6

63. The final issue is whether the court should stay enforcement of the costs order made by Roth J on 8 September 2023. It is helpful to set out the basis for that order before I turn to consider the issue further.
64. On 8 September 2023, Roth J granted Mr Khawaja’s application to vary the Freezing Order so as to make clear that Barclays could comply with any Third Party Debt Order made in Mr Khawaja’s favour. Mr Khawaja’s position had been that any such application was unnecessary as there was nothing in the Freezing Order that prevented Barclays complying with such an order, but, although Ms Stefanova could have simply consented to the variation, she opposed the Third Party Debt Order being made final. Roth J held there was no reason whatsoever as to why the Freezing Order should not be varied so as to ensure Barclays complied with the order. Importantly, Ms Stefanova abandoned her opposition to the application during the course of the hearing. It must have come as no surprise to her, then, that Roth J ordered Ms Stefanova to pay Mr Khawaja’s costs of the application.
65. By her application dated 25 September 2023, Ms Stefanova now seeks an order that enforcement of Roth J’s costs order be stayed pending the outcome of her appeal of the Third Party Debt Order granted by ICC Judge Mullen on 21 July 2023 (the “**Third Party Debt Order**”). As with the 17 July 2023 application, Mr Berkley KC invites me to adjourn this application. Again, Mr Roseman opposes that application. He submits there are a number of fundamental problems with Ms Stefanova’s application, all of which would justify the court dismissing the application. I accept Mr Roseman’s submissions for the following reasons.
66. First, Ms Stefanova appears to conflate Roth J’s costs order with the Third Party Debt Order. Roth J’s costs order is not subject to appeal, although Mr Berkley KC told me that it might be (even though the time for lodging an appeal has expired). Roth J’s costs order is entirely separate to the Third Party Debt Order, which means that, even in the event Ms Stefanova succeeds in appealing the Third Party Debt Order, Roth J’s order remains in effect.
67. Secondly, Roth J’s order was not limited to the Third Party Debt Order but varied the Freezing Order so as to ensure Barclays would comply with any third party debt order made in Mr Khawaja’s favour going forwards.
68. Thirdly, Ms Stefanova’s 25 September 2023 application apparently relies upon CPR r.83.7 (“Writs of control and warrants – power to stay execution or grant other relief”) to ground it. CPR r.83.7(4), however, provides that the threshold criteria for making such an order is that the court must be satisfied that (a) there are special circumstances which render it inexpedient to enforce the order, or (b) the applicant is unable for any reason to pay the money. It is apparent from the findings which I have already made that Ms Stefanova does not satisfy either basis for a stay.

69. Other matters were argued before me about the appropriateness or otherwise of the Third Party Debt Order, but that order is not before me for reconsideration in any proper way and so I decline to engage in considering those arguments.
70. Accordingly, the application to adjourn Ms Stefanova's 25 September 2023 application is refused, and I dismiss the 25 September 2023 application in its entirety.

DISPOSAL

71. Having carefully considered all of the material placed before me on the Applications, I am satisfied that it is necessary to grant Mr Khawaja's applications as I have set out above in order to give efficacy to the Freezing Order.
72. Given Ms Stefanova's past conduct, I am satisfied that this can only be achieved if I make orders:
 - (1) prohibiting Ms Stefanova from opening any more bank accounts; and
 - (2) requiring her to provide information about (a) the business activities carried out by Biotech in the past; and (b) Biotech's business activities going forwards,and in terms of the draft order sought. This will avoid the expense of appointing a third-party receiver and manager over Dermamed, and enable Ms Stefanova to continue to run the business on the terms of the orders I shall make.
73. For the reasons given, Ms Stefanov's applications are dismissed.
74. I invite the parties to agree a form of order which reflects the undertakings given by Ms Stefanova before me in open court, and the finding and conclusions which I have reached above, including costs which must follow the event.