Neutral Citation Number: [2025] EWHC 2732 (Ch)

Case No: BL-2025-001181

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
BUSINESS LIST

The Rolls Building
7 Rolls Buildings
Fetter Lane, London
EC4A 1NL

Date of hearing: 2 October 2025

Before:

MR JUSTICE RAJAH

- -

Between:

DBLP SEA COW LIMITED

Claimant

- and -

LARS STEFFENSON

Defendant

- -
- -

NIKKI SINGLA KC and **ALEXANDER HALBAN** (instructed by **Taylor Wessing LLP**) for the **Claimant**

NICHOLAS SLOBODA KC and **MATT BARRY** (instructed by **Farrer & Co LLP**) for the **Defendant**

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Approved Judgment

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2nd Floor, Quality House, 6-9 Quality Court, Chancery Lane, London WC2A 1HP
Tel No: 020 7067 2900. DX: 410 LDE
Email: info@martenwalshcherer.com
Web: www.martenwalshcherer.com

(Transcript prepared without access to documentation)

MR JUSTICE RAJAH:

1. In this case the claimant, DBLP Sea Cow Limited ("C"), claims shares in a NASDAQ company called Resolve AI Plc which C previously owned but transferred to the defendant, Mr Steffensen, pursuant to an SPA which it says is dated 16 May 2025. Under the terms of the 16 May 2025 SPA it is clear that, if that is the governing document, the shares which were transferred were to be held on trust by Mr Steffensen until some US$48 million which was due under an earlier SPA (dating back to June 2024 and as varied by a 13 December 2024 agreement) were paid. That has not happened, and C brings proceedings for their return. C now applies for an interim proprietary injunction over those shares.

2. In the run-up to this hearing, Mr Steffensen has explained through his solicitors that the shares have been sold and C therefore seeks to freeze the proceeds of sale together with orders for the provision of information as to what has become of the sale proceeds.

3. The defendant disputes that the shares are held on trust and relies on a version of the SPA which is dated 22 May 2025. This is a document which C says was produced at the defendant's request to remove restrictions imposed by his broker on trading the shares and was done so as to enable the defendant to make the payments due to the claimant. Further, C says that the defendant agreed that it was for administrative purposes only.

4. In August, the defendant sought to enforce the terms of 22 May agreement. Correspondence ensued between Taylor Wessing for C and Farrer & Co for the defendant. C did not say in terms that the 22 May agreement was a sham but appears to have said in terms that the real governing document was the16 May document and that the 22 May agreement had been provided to ensure that the shares were freely tradable. Requests were made for an undertaking that the shares would not be sold but those requests were refused.

5. These proceedings were issued on 23 September. The defendant applied for a relisting. I refused that application for a relisting on paper. In support of that application the defendant said on 25 September that the shares had been sold in tranches over the previous four months. C says this is arguably questionable behaviour as it was kept secret from C while the defendant was negotiating with C for an extension of time to make payments due under 16 September agreement.

6. In a little bit more detail, the chronology is that there was a first agreement for shares, in June 2024 which related to some 1.33 million shares and, pursuant to an agreement which is made in December 2024, a formula was agreed for the sums which would be paid in respect of that 1.33 million shares. Then on 16 May 2025 there was a further agreement which related to some 10 million shares in Resolve. That was an agreement which was conditional on what as defined as a "Payment Condition". The Payment Condition was payment of the sums due in respect of the earlier agreement for 1.33 million shares - some US$48 million.

7. Under the terms of the second SPA dated 16 May, that Payment Condition was due to be paid three days after 2.5 million shares which were to be transferred to the defendant had become technically tradable but 16 May agreement provided that notwithstanding the fact that the shares had become technically tradable, they would remain held on bare trust until the shares were fully paid for.

8. It seems that there were difficulties with Mr Steffensen's brokers, IBKR. There is a document dated 30 May 2025 in which the Chief Financial Officer of either Resolve or DBLP, Mr Burchall, has written to the brokers to say that the 2.5 million shares were freely tradable, although that may not have been consistent with the terms of 16 May SPA. I have been taken to a series of WhatsApps and, in particular, WhatsApps on 4 June, in which Mr Steffensen exchanges messages with Mr McKeeve, a lawyer who is part of the DBLP set-up. Those WhatsApps appear to show on their face that the further document dated 22 May which the defendant now relies on was created on 4 June and sent to IBKR. There are various messages which the claimants say show *prima facie* that the purpose of the creation of that document, which took out references to the trust, changed the terms of the payment condition to $200,000 and said that it had already been paid, was to secure that the review which the brokers were conducting was satisfactorily concluded and the shares became tradable. Indeed, on 13 June the shares did become tradable. However, no payment was made of the Payment Condition three days later.

9. On 1 August there was a variation of the 16 May agreement agreed between Mr McKeeve and Mr Steffensen. Mr McKeeve sent a letter confirming the terms of the agreement which Mr Steffensen appeared from his response to gratefully accept. The terms of that variation were to change the deadline for payment of the Payment Condition and to increase the amount of the Payment Condition from US$48 million to €75 million and some US$6.5 million. It stipulated that in the event that the Payment Condition was not satisfied by or on 26 August, Mr Steffensen would immediately instruct his broker to return 2.5 million shares in Resolve AI to DBLP's brokerage account as detailed in the agreement. There were, of course, other provisions but I need not go into them.

10. One of the points which is made by the claimant is that there was no mention at this stage that Mr Steffensen had already started selling the 2.5 million shares. The letter which has come from Farrer & Co suggests that it was sold in tranches over the previous four months, so although the precise date is not clear, it does suggest that the defendant had already started to sell these shares and therefore was not in a position to return them if he was unable to pay the Payment Condition. Although Mr Sloboda says he could, of course, have replaced them.

11. On 22 August Mr Steffensen instructed Farrer & Co to send a letter demanding the remainder of 7.5 million shares on the basis that under the terms of 22 May document those shares were due and should have been provided to him. Mr McKeeve responded, it appears, on the same day making the point that the relevant governing documents was the 16 May SPA and saying that consistent with the case now the 22 May document had been prepared simply for administrative purposes to be shown to the brokers to secure that the shares became freely tradable.

12. There were negotiations between 27 August and 23 September between Taylor Wessing on behalf of C and Farrer & Co on behalf of the defendant over the shares and the payments but nothing came of that. On 23 September these proceedings

were commenced and an application notice was served. The application notice was served on the defendant. It sought a proprietary injunction in respect of the shares and the return date which was obtained was today which is in the first week of the new legal term. On 25 September Farrer & Co wrote to say in relation to the proposed listing that there was no urgency because the shares had already been sold.

13. There is no dispute that the legal principles are those set out in *American Cyanamid*. The first question which I need to answer is whether there is a serious issue to be tried as to whether the shares were held on trust. The 16 May agreement clearly stipulates that the shares are held on trust. The WhatsApp messages are *prima facie* evidence that the 22 May agreement was a sham to dupe IBKR, the brokers. There may be argument as to what the effect of that illegality or dishonesty is but, clearly, it is open to the court to conclude that the true agreement is as recorded in the 16 May document. Mr Sloboda sensibly accepted that he was not in a position today to say that there is not a serious issue to be tried as to whether the shares were held on trust.

14. Mr Sloboda, however, makes a point about clean hands. He seeks an adjournment and he intends at the adjourned hearing to establish that Mr Wagner and DBLP have relied on false evidence in this application. Mr Wagner's evidence is that he knew nothing of the 22 May document and Mr McKeeve was not authorised to send a revised agreement to IBKR or to Mr Steffensen. The 22 May 2025 document appears to have been signed by Mr Wagner and Mr Sloboda says that Mr Wagner has given a bizarre story as to how it is he came to sign another signature page. When going through the documents, it does appear that in fact the signature page was signed before the 22 May document was created and was sent in a first attempt to unblock the blockage at the brokers. It was sent on or about 30 May to IBKR or to Mr Steffensen and it appears that Mr Steffensen showed that document - he certainly says in the messages that he showed that document - to the brokers and there is a picture of it in one of the WhatsApps. That document now appears to form the signature page to the 22 May document. I am afraid it would appear that it cannot be the signature page. It appears that the 22 May document was never signed.

15. There are other indications such as a 22 August email from Mr McKeeve on behalf of DBLP, into which Mr Wagner was copied, which suggests that DBLP and Mr Wagner were aware of the 22 May agreement. Mr Sloboda relies on a number of points in relation to that and he says, therefore, he will be able to establish that Mr Wagner and DBLP have relied on false evidence. However, where I had difficulty with Mr Sloboda's submissions is he says it must follow - I think he says as night follows day - that if he establishes that, then no injunction should be granted and that any injunction granted should be relieved. I do not think the position is anything like as clear as that. It is right that parties seeking equitable relief must come with clean hands but the idea that the one who is seeking equitable relief must have clean hands but there is no requirement on the part of the other party to have clean hands does not seem to me to be quite right. That is the first point. When the court is granting equitable relief, even if it is dealing with parties both of whom have not perhaps behaved well, it is a matter for the court to decide where justice lies and it is nothing as straightforward or as blunt an instrument as Mr Sloboda suggests, that unless the claimant seeking equitable relief can show that they have clean hands, then they must fail. It may be they simply have to show that they have cleaner hands than the other.

16. The second point to make is that in this context a lie, if Mr Sloboda is able to establish it, as to whether DBLP was a party to the sham is not fatal to the underlying claim. The fundamental question, according to Mr Sloboda, and I agree, will be what was the true agreement between the parties. After that is established, there may be argument about the effect of any illegality on the enforcement of any such agreement but that in the light of *Patel v Mirza* is a nuanced question and there is, it seems to me, no killer blow here for Mr Sloboda's client if it is established that Mr Wagner and DBLP have relied on false evidence in this application. So I am satisfied that there is a serious issue to be tried and I am afraid I am not impressed with Mr Sloboda's clean hands argument.

17. So far as the balance of convenience is concerned, I accept, as Mr Sloboda says, that damages must not be an adequate remedy and that just the mere fact that this is a proprietary injunction does not mean that that consideration as to whether damages are an adequate remedy is not required. It is required, but the fact that what is being sought is a vindication of ownership rights, in this case of shares or the proceeds of sale of shares, is something which makes the court more inclined to conclude that damages are not an adequate remedy. I think there is a fair point here made by Mr Sloboda that, as these are shares which are tradable on NASDAQ, they are not perhaps as unique as, say, land and so perhaps it would not take very much to show that damages were an adequate remedy. If, for example, there was evidence that Mr Steffensen was good for the money and was prepared perhaps to give undertakings, then it may be that damages would be an adequate remedy. Unfortunately, that is not the position because Mr Steffensen has filed no evidence. Some evidence has been filed on his behalf by a solicitor at Farrer & Co but there is absolutely no evidence of what assets Mr Steffensen has.

18. Mr Sloboda says that it would nevertheless be wrong in principle to make an order holding the ring because the claimant has brought this application on notice but has given very short notice, only six days. The consequence is it has not had to give full and frank disclosure but neither has the defendant had sufficient time to investigate. I am afraid I do not accept those submissions. The reason why notice is given is because natural justice requires it. In exceptional circumstances it is possible to come before the court without notice. Generally, that requires one of two things: firstly, that the relief sought would be undermined or set at nought if notice was given, hence it is common to apply for a freezing injunction without giving notice; secondly, when the matter is so urgent that there is not time to give appropriate notice, but in that situation the expectation is that as much notice as possible is given even if it is not the notice which is required under the rules. But, in this case, the defendant has been given the notice which is required by the rules and the defendant has had six days. The legal team have had time to take instructions on the 22 May documents, the WhatsApps, and the 1 August variation which is not consistent with the 22 May document being the operative document.

19. This is the sort of case where, if there are points which the claimant should be making by way of full and frank disclosure, the defendant ought to know what they are. I am leaving aside the clean hands point which, as I say, I do not see as a knockout blow. But if the defendant want to make points about whether there is a serious issue to be tried here, Mr Steffensen must know if there are other documents which show that the 22 May SPA was intended to supersede the 16 May document. He is in a position to give an explanation as to why he has sent the various WhatsApps which appear to suggest the 22 May document was prepared in his words for administrative

purposes only and only to be shown to IBKR. So I do not think that the fact that there is no duty of full and frank disclosure on this application is in the circumstances of this case a good reason not to contemplate making an order holding the ring and nor, it will be clear from what I have just said, do I accept that there has not been sufficient time for the defendant to be able to make sufficient investigations. Clearly, there has not been sufficient time to get to the bottom of everything but there has been sufficient time to take instructions about the matters and the issues which are raised. However, whatever Mr Steffensen's position is, it has not been set out clearly either in correspondence or in evidence or in Mr Sloboda's skeleton argument and, as I have said to Mr Sloboda, I strongly suspect that a deliberate decision has been made to say nothing.

20. Mr Sloboda also says there is nothing urgent about this case. I reject this submission. The circumstances of these shares being sold is very unsatisfactory. If the 16 May document is the relevant document, those shares were sold in breach of trust. The fact that that was not revealed until 25 September may suggest that Mr Steffensen knew that they were sold in breach of trust. I make it clear there are a number of hypotheses there, such as to whether it is the 16 May document which is the governing document which is a matter for trial and I cannot decide today. However it does seem to me that the circumstances of the sale were very unsatisfactory. It having been revealed on 25 September that the shares had been sold, if there was not urgency before, I think the claimants are entitled to say there is urgency now. They now know that the shares are represented by proceeds of sale and they do not know anything about where those proceeds of sale are and nor is there any explanation from Mr Steffensen on that issue either.

21. In those circumstances, I am satisfied that applying the *American Cyanamid* principles I would on the information before me now be prepared to grant an injunction but in circumstances where it does not seem that Mr Sloboda's proposed adjournment is opposed, I propose to make that injunction as a holding order until the adjourned hearing. An offer has been made by Mr Singla that the claimant will fortify its cross undertaking by providing a million pounds to be held by Taylor Wessing as security for their cross undertaking. Mr Sloboda says that is an acceptable fortification and so I accept that proposal.

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(This Judgment has been approved by the Judge.)