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IN THE HIGH COURT OF JUSTICE  
FAMILY DIVISION  
[2020] EWHC 1037 (Fam)



No.ZZ19D88433  
& BV19D24032

Royal Courts of Justice  
Strand  
London, WC2A 2LL

Tuesday, 10 March 2020

Before:

MR JUSTICE HOLMAN  
**(Sitting in public)**

B E T W E E N :

CAROLINE JILL CROWTHER

Applicant

- and -

(1) PAUL ANTHONY CROWTHER  
(2) STEVEN KNIGHT  
(3) CARASOL GROUP LTD  
(4) CASTLE TRUST AND MANAGEMENT SERVICES LTD  
(5) CASTLE NOMINEES LTD  
(6) CASTLE SHIP MANAGEMENT LTD

Respondents

MR C. HOWARD QC and MR. A. TATTON-BENNETT (instructed by Hughes Fowler Carruthers Solicitors) appeared on behalf of the applicant.

THE FIRST RESPONDENT appeared in person.

MR J. COPLEY and MR J. WATTHEY (instructed by Preston Turnbull LLP) appeared on behalf of the second to sixth respondents.

**J U D G M E N T**

**( A s a p p r o v e d b y t h e c o u r t )**

MR JUSTICE HOLMAN:

1. This hearing this morning concerns complex, and clearly very polarised, matrimonial financial proceedings between a husband, Paul Crowther, and his wife, Caroline Crowther. I have been told that I am the allocated judge in relation to these financial remedy proceedings, but I personally have had nothing whatsoever to do with this case until, at a relatively late stage yesterday (after I had been dealing with other complex cases), a mound of papers and complex position statements were awaiting me in my room.
2. Underlyingly, it appears that the business of the husband and wife is in ships and shipping. Currently, there are several ships with which the husband and wife, through their own companies, appear to have some connection. Their names all begin with the word “Atlantic”. It appears to be common ground that the legal ownership of all these ships, or all bar one, is currently vested in a gentleman, who is present in court, called Mr Steven Knight, who is an accountant based in Gibraltar, although there is a chain of companies between him and the ships themselves.
3. The connection between Mr Knight and his companies and these ships, or predecessor ships, seems to derive from arrangements entered into in 2012. As I understand it, it is the position of the husband, Mr Crowther, that those arrangements were normal, transparent, commercial arrangements within the shipping business that were entered into for good business reasons. Mr Crowther, the husband, appears to say, or to acknowledge that, the owner of the ships, both legally and beneficially, is Mr Knight and/or one or more of his chain of companies.
4. The wife, on the other hand, who, as I understand it, has been actively involved in the shipping business of the Crowther family, says that the arrangements that were entered into

in 2012, and those which have flowed since then, were all done so as to minimise tax liabilities by placing the ownership of the ships offshore. She very strongly contends that Mr Knight and/or his various companies own the ships entirely beneficially for the Crowthers and, accordingly, that those ships, as well as charter fees that those ships have generated, are assets which are available to Mr and Mrs Crowther and now fall for appropriate division within these matrimonial financial remedy proceedings.

5. On 24th February 2020 a whole series of companies which, as I understand it, may all be described as “the Knight companies”, and indeed, as fifth claimant, Mr Knight himself, commenced proceedings by a claim form issued in the Admiralty Court of the Queen’s Bench Division in relation to four named ships. By that claim form Mr Knight and his companies claim declarations that the claimants, or one or more of them, are the legal and beneficial owners of the ships, and that they are entitled lawfully to charter, demise, sell or otherwise dispose of the ships, and that they are beneficially entitled to the proceeds of sale of the respective vessels. Those are propositions which Mrs Crowther very strongly denies and disputes.
6. The hearing today was listed as a first directions hearing in the financial remedies claim of Mrs Crowther within the divorce proceedings, and also as the return date of various freezing injunctions made on notice in December by Lieven J in relation, amongst other matters, to the ships and the income generated by the ships.
7. At this hearing today, Mr Charles Howard QC and Mr Alex Tatton-Bennett on behalf of the wife, Mrs Crowther, are very strongly indeed urging me, as a judge of the High Court, to transfer today to the Family Division and into these financial remedy proceedings the claim constituted by the claim form which Mr Knight and his companies issued in the Admiralty Court on 24th February 2020. This is but one of many items on the agenda for today, and I

can only deal with it today in a very summary manner, or we will never reach such other important matters as the variation or continuation of the freezing orders, and directions generally in the matrimonial proceedings, not to mention the application that Mr Crowther keeps trailing, that he wishes me to adjourn this hearing altogether today. It is already 12.00 noon.

8. By reference to numerous parts of the Civil Procedure Rules and passages in Volume 1 of the *White Book*, Mr Howard very strongly submits that there is no such thing as an admiralty list, only an Admiralty Court, and accordingly that CPR rule 30.5(3) does not impact to prevent me from exercising the powers of the High Court to transfer the proceedings from the Admiralty Court (which is part of the Queen's Bench Division) into the Family Division. Mr James Copley and James Watthey, on behalf of Mr Knight and his companies, no less strongly submit that if the admiralty proceedings are to be transferred to the Family Division at all, then it is only the Admiralty Court which can, or at any rate should, make that decision.
  
9. I do not in any way whatsoever by anything that I have already said this morning, nor by this ruling, indicate any concluded view on whether or not I possess the power, as Mr Howard submits, to transfer the proceedings from the Admiralty Court into the Family Division. Further, I do not by anything that I have said this morning, nor by this ruling, indicate, to whoever it is who considers this matter, any view of my own as to whether the proceedings in the Admiralty Court should be transferred to the Family Division and are more appropriately heard in the Family Division. The only thing which is clear to me is that, whether or not I myself possess a power to transfer the proceedings from the Admiralty Court to this division, that issue should first be considered by a judge sitting in the Admiralty Court.

10. Mr Howard's submissions start from what he submits is a strong *prima facie* case that Mr Knight and his companies only own these ships, and the profits from the ships, beneficially for Mr and Mrs Crowther and/or Mr and Mrs Crowther's companies. It seems to me that I cannot, and should not, at this stage adopt any so-called *prima facie* position. The starting point for me is that Mr Knight is not married to either Mr or Mrs Crowther. On the face of it, he is a third party, as are his companies. The contrary may later be established; but that, as it seems to me, is the starting point. Mr Knight, purporting to act as an independent third party on behalf of himself and his companies, has issued these proceedings in the Admiralty Court, and it seems to me that the first consideration of whether or not they should be transferred from that court requires, in fairness to Mr Knight, to be made by a judge of that court.
11. For those reasons, I do not today exercise any power, even assuming I have one, to transfer the admiralty proceedings into these proceedings. It will be a matter for the wife, Mrs Crowther, if she so wishes, to make an application to the Admiralty Court for a transfer of the admiralty proceedings into these proceedings at the first appropriate opportunity. All parties can then develop their arguments, either orally or in writing, to a judge of the Admiralty Court, and that judge can decide what to do.
12. So for those reasons, in which I have tried very carefully indeed not to express any underlying view as to the merits of transfer, I am not prepared to make any such order today.

**LATER**

13. Today I have been hearing a range of issues in highly confrontational financial remedy proceedings between Paul Crowther ("the husband") and Jill Crowther ("the wife"). One day was allowed for today's hearing. Such an estimate should include within it sufficient time for necessary judicial pre-reading. During the course of yesterday afternoon, voluminous quantities of documents were delivered to my room, together with long skeleton arguments/position statements on behalf of the wife and also the third party, Mr Steven Knight, to whom I will make further reference in a moment. I think it was only during the course of this morning that two further bundles were delivered to my room specifically on behalf of Mr Knight and his network of companies. I have had no time properly to consider these documents. Further, considerable time has been taken up today on other issues in this litigation, including an issue which occupied much of this morning as to whether proceedings which Mr Knight and his network of companies have issued in the Admiralty Court should be transferred by me today to the Family Division. For reasons which I endeavoured to give in my ruling this morning, I decided that I should not today exercise any power (assuming, which is disputed, that I have one) to transfer those proceedings. So, at any rate for the time being, they will remain in the Admiralty Court.
14. The business of the husband and wife appears to be in the ownership and chartering of ships. They have engaged in this business for many years and it appears to have generated considerable rewards for them. They currently own a valuable house in Hertfordshire. They have a range of assets, including valuable horses, valuable cars and other indicators of some wealth. Their children have been privately educated. The parties are now very deeply polarised.
15. During the period between October and December last year, the wife obtained a series of freezing orders against not only her husband, but also Mr Steven Knight and his network of companies. Mr Knight himself is located in Gibraltar. I have not, during the course of

today, fully grasped where his network of relevant companies are all incorporated, but they include Gibraltar, and I think also the Virgin Islands. The way in which Mr Knight and his companies have become involved in these proceedings is as follows. In November 2012, an agreement was entered into on behalf of what I will loosely call the Crowthers and their business, and Mr Knight and his business. Pursuant to the agreement, five ships, which until that time were owned by the Crowthers and/or their companies, were transferred legally and beneficially to Mr Knight and/or companies owned by him. As I understand it, the position ever since November 2012 has been that those ships or their successor ships (all the original five ships having been sold) are admittedly legally owned by Mr Knight and/or his companies. On the face of the documents, he or his companies own them, not only legally but beneficially. The business model appears to have been that Mr Knight and/or his companies have from time to time chartered the ships, which are owned by Mr Knight or the companies, to the husband and wife and/or their business and companies, under bareboat charters. The husband and wife have then sub-chartered to charterers who have used the ships, and whenever the ships have been the subject of sub-charters the Crowther business has had to pay charter fees to Mr Knight and his businesses. At all times, the contractual duty has been on the Crowthers and their businesses to meet the overheads of the ships, including crew wages.

16. This all seems to have operated to the satisfaction of not only Mr Crowther, but also Mrs Crowther, until their matrimonial rift occurred in about 2018. Now it is very strongly represented indeed by Mr Charles Howard QC and Mr Alex Tatton-Bennett, on behalf of the wife, that the whole arrangement entered into in 2012 between the Crowther businesses on the one hand, and the Knight businesses on the other hand, was a sham designed to move the Crowthers' assets offshore and thereby reduce their exposure to taxation, whilst in truth, it is submitted, retaining the beneficial ownership of the ships themselves for the Crowthers and their businesses. This is very strongly disputed by Mr Crowther, the husband, and it is very

strongly disputed by and on behalf of Mr Knight and his businesses. Indeed, Mr James Watthey, who is one of the two counsel who appear on behalf of Mr Knight and his businesses today, and who demonstrates considerable expertise in the field of Admiralty law, has said that the arrangement that was entered into between the Crowthers on the one hand and Mr Knight and his companies on the other hand, is a perfectly common arrangement in the maritime field and one which would be rapidly recognised by any Admiralty judge as being completely above board and normal, and not reeking of the suspicion that Mr Howard and Mr Tatton-Bennett attach to it.

17. It is against that background that, at a series of hearings between October and November 2019, the wife obtained wide-ranging orders not only against the husband personally, but also against Mr Knight and his various companies. It is right to stress that those orders make plain on their face that nothing in them prevents Mr Knight and his companies "from operating business as usual", but the orders do prevent Mr Knight and his companies from selling any of the ships. Essentially, the position of the wife is that those ships belong beneficially to her and/or her husband, and that they are significant assets in this case which require to be preserved for the resolution of her financial claims. The most recent order last year fixed a return date, or further hearing, today. I have to say that to some extent that has been hijacked by the numerous other issues that we have had to discuss today, although, in fairness to the wife and her legal representatives, they will say that today was primarily conceived as a first directions hearing in her claims for financial remedy orders, and that their first directions hearing has been somewhat hijacked by the need to spend some time considering the injunctions against Mr Knight and his companies.
18. Be that as it may, there is now before me a very recent statement by Mr Knight, dated 6 March 2020. I have read the first 22 paragraphs of that statement (the remainder is directed to other issues). It is fair to say that that statement was only served right at the end of last



week, and Mr Howard protests strongly that the wife has had no opportunity to put in any evidence in reply, or properly to meet it. However, if it is to be believed at all, the statement sets out with clarity the dire situation that Mr Knight and his network of companies are now facing in relation to this small fleet of ships. The statement can of course be read by anybody with a proper interest in this matter, but in essence he says that the Crowthers have recently failed to meet any of the outgoings in relation to these ships, including crew wages. He says that none of the ships are currently subject to sub-charter, and so he is not receiving any income from the Crowthers under the bareboat charters. He sets out, at paragraph 10, that the running costs of these ships, including crew wages, provision of fuel, heat and light on board the ships, ship management, insurance and port fees, is in aggregate about £115,000 per month. In addition, one of the ships urgently requires to renew its RINA classification at a cost of £40,000 (the statement is in error at paragraph 9 in referring to US\$40,000). Unless and until that classification is renewed, that ship cannot be chartered at all.

19. So, on the face of his statement, Mr Knight and his network of companies are haemorrhaging money. He says at paragraph 13 of his statement that, as of November 2019, there was about £600,000 available in the companies. That is already reduced to £190,000, and patently if the running costs are at all of the order of £115,000 per month, that will run out in a small number of weeks. It is against that background that Mr Knight says in his statement that unless he can urgently sell one of the ships to meet these liabilities in relation to the other ships, the whole enterprise will be insolvent within two to three weeks. So I am asked altogether to discharge altogether all injunctions insofar as they refer to, or bind directly, Mr Steven Knight, or any of his companies, who are the third to sixth respondents. That is separate and distinct from the separate proposition that, under an existing injunction against Mr Crowther of which Mr Knight has notice, he would be in contempt of court if he were to assist Mr Crowther to breach any injunction against Mr Crowther.

20. Insofar as this injunction is made against third parties, namely Mr Knight and his companies, Mr Howard points out that it does not fall directly within section 37 of the Matrimonial Causes Act 1973. Nevertheless, there is clearly some analogy. It seems to me that it is not right that I should leave in place this injunction unless I am satisfied, at least to some threshold level, that there is a current intention on the part of Mr Knight and/or his companies to defeat the claims of the wife to financial remedy orders. Frankly, I am not satisfied of that at all. It seems to me that the commercial arrangement between the Crowthers on the one hand and Mr Knight and his companies on the other hand was established as long ago as 2012. So far as I am aware, that is long before there was any stress, or significant stress, in the marriage between Mr and Mrs Crowther. Whether or not there was some ulterior purpose behind the arrangements that were entered into in 2012, they were not entered into with a view to defeating the claims of the wife for financial remedy orders. It is true, as Mr Howard stresses, that she did not herself sign any of the material documents in 2012. But it appears that she was well aware of what was being arranged and negotiated at that time, and she has been content to live with it in the intervening six years between then and when the marriage began seriously to fail.
21. I am not satisfied in this case that there is any real evidence of any deviousness on the part of Mr Knight or his companies, or any intention by them to try and defeat the claims of the wife. Indeed, if it is right, as the wife asserts, that these ships are owned beneficially for the Crowthers, then it must be very much in the interests of the wife that the current structure, in which the ships are owned by Mr Knight and his companies, remains solvent and afloat. If, as Mr Knight fears, that structure were to become insolvent and go into administration, then the consequences are likely to be dire, not only for him but ultimately also for Mrs Crowther if she has any beneficial interest in those ships at all. So, although I have canvassed during the course of argument, in order to try and cut through this dispute, that there might be some

modified form of injunction, or undertakings by Mr Knight, to the effect that if he sells a ship or ships the proceeds will be reinvested to meet the various expenditure commitments to which he refers in paragraphs 9 and 10 of his recent statement, in the end I have been forced to adjudicate. My adjudication is that there is no sufficient basis for any injunction whatsoever to remain in place against Steven Knight, who is the second respondent, nor any of the companies which are the third to sixth respondents. For those reasons, the whole of any subsisting injunctions, insofar as they impact upon any of the second to sixth respondents, are now discharged.

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**CERTIFICATE**

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civil@opus2.digital*

**This transcript has been approved by the Judge**