Privy Council Appeal No. 44 of 1992

The Attorney General for Hong Kong *Appellant*

v.

(1) Charles Warwick Reid and
Judith Margaret Reid and
(2) Marc Molloy *Respondents*

FROM

THE COURT OF APPEAL OF NEW ZEALAND

JUDGMENT OF THE LORDS OF THE JUDICIAL COMMITTEE
OF THE PRIVY COUNCIL, DELIVERED THE
1ST NOVEMBER 1993

Present at the hearing:-

LORD TEMPLEMAN
LORD GOFF OF CHIEVELEY
LORD LOWRY
LORD LLOYD OF BERWICK
SIR THOMAS EICHELBAUM

*[Delivered by **Lord Templeman**]*

Mr. Reid, a solicitor and New Zealand national, joined the legal service of the Government of Hong Kong and became successively Crown Counsel, Deputy Crown Prosecutor and ultimately Acting Director of Public Prosecutions. In the course of his career Mr. Reid, in breach of the fiduciary duty which he owed as a servant of the Crown, accepted bribes as an inducement to him to exploit his official position by obstructing the prosecution of certain criminals. Mr. Reid was arrested, pleaded guilty to offences under the Prevention of Bribery Ordinance and was sentenced on 6th July 1990 to eight years' imprisonment and ordered to pay the Crown the sum of HK$12.4 million, equivalent to NZ$2.5 million, being the value of assets then controlled by Mr. Reid which could only have been derived from bribes. No part of the sum of HK$12.4 million has been paid by Mr. Reid.

Among Mr. Reid's assets are three freehold properties in New Zealand. The trial judge's finding that the Attorney General for Hong Kong had established an arguable case that each of the three properties was acquired with moneys received by Mr. Reid as bribes has not been challenged. Two of the freehold properties were conveyed to Mr. Reid

and his wife and one to Mr. Reid's solicitor Mr. Molloy. The three New Zealand properties were purchased for approximately NZ$500,000. Their current value was not the subject of evidence before the New Zealand Court of Appeal. The total amount thought to have been received by Mr. Reid from bribes exceeds NZ$2.5 million.

In the courts of New Zealand Mr. Reid and Mrs. Reid argued that part of the costs of the three New Zealand properties might not be derived from bribes. If so, the courts have ample means of discovering by means of accounts and inquiries the amount (if any) of innocent money invested in the properties and the proportion of the present value of the properties attributable to innocent money. It was also argued that Mrs. Reid might have a beneficial interest in the properties. This also could be investigated in due course but it does not appear that either Mrs. Reid or Mr. Molloy was a bona fide purchaser of a legal estate without notice. For present purposes this appeal proceeds on the assumption that the freehold New Zealand properties were purchased with bribes received by Mr. Reid and are held in trust for Mr. Reid subject to the claims of the Crown in these proceedings.

A bribe is a gift accepted by a fiduciary as an inducement to him to betray his trust. A secret benefit, which may or may not constitute a bribe, is a benefit which the fiduciary derives from trust property or obtains from knowledge which he acquires in the course of acting as a fiduciary. A fiduciary is not always accountable for a secret benefit but he is undoubtedly accountable for a secret benefit which consists of a bribe. In addition a person who provides the bribe and the fiduciary who accepts the bribe may each be guilty of a criminal offence. In the present case Mr. Reid was clearly guilty of a criminal offence.

Bribery is an evil practice which threatens the foundations of any civilised society. In particular, bribery of policemen and prosecutors brings the administration of justice into disrepute. Where bribes are accepted by a trustee, servant, agent or other fiduciary, loss and damage are caused to the beneficiaries, master or principal whose interests have been betrayed. The amount of loss or damage resulting from the acceptance of a bribe may or may not be quantifiable. In the present case the amount of harm caused to the administration of justice in Hong Kong by Mr. Reid in return for bribes cannot be quantified.

When a bribe is offered and accepted in money or in kind, the money or property constituting the bribe belongs in law to the recipient. Money paid to the false fiduciary belongs to him. The legal estate in freehold property conveyed to the false fiduciary by way of bribe vests in him. Equity however which acts *in personam* insists that it is unconscionable for a fiduciary to obtain and retain a benefit in breach of duty. The provider of a bribe cannot recover it because he committed a criminal offence when he paid the bribe. The false fiduciary who received the bribe in breach

of duty must pay and account for the bribe to the person to whom that duty was owed. In the present case, as soon as Mr. Reid received a bribe in breach of the duties he owed to the Government of Hong Kong, he became a debtor in equity to the Crown for the amount of that bribe. So much is admitted. But if the bribe consists of property which increases in value or if a cash bribe is invested advantageously, the false fiduciary will receive a benefit from his breach of duty unless he is accountable not only for the original amount or value of the bribe but also for the increased value of the property representing the bribe. As soon as the bribe was received it should have been paid or transferred *instanter* to the person who suffered from the breach of duty. Equity considers as done that which ought to have been done. As soon as the bribe was received, whether in cash or in kind, the false fiduciary held the bribe on a constructive trust for the person injured. Two objections have been raised to this analysis. First it is said that if the fiduciary is in equity a debtor to the person injured, he cannot also be a trustee of the bribe. But there is no reason why equity should not provide two remedies, so long as they do not result in double recovery. If the property representing the bribe exceeds the original bribe in value, the fiduciary cannot retain the benefit of the increase in value which he obtained solely as a result of his breach of duty. Secondly, it is said that if the false fiduciary holds property representing the bribe in trust for the person injured, and if the false fiduciary is or becomes insolvent, the unsecured creditors of the false fiduciary will be deprived of their right to share in the proceeds of that property. But the unsecured creditors cannot be in a better position than their debtor. The authorities show that property acquired by a trustee innocently but in breach of trust and the property from time to time representing the same belong in equity to the cestui que trust and not to the trustee personally whether he is solvent or insolvent. Property acquired by a trustee as a result of a criminal breach of trust and the property from time to time representing the same must also belong in equity to his cestui que trust and not to the trustee whether he is solvent or insolvent.

When a bribe is accepted by a fiduciary in breach of his duty then he holds that bribe in trust for the person to whom the duty was owed. If the property representing the bribe decreases in value the fiduciary must pay the difference between that value and the initial amount of the bribe because he should not have accepted the bribe or incurred the risk of loss. If the property increases in value, the fiduciary is not entitled to any surplus in excess of the initial value of the bribe because he is not allowed by any means to make a profit out of a breach of duty.

The courts of New Zealand were constrained by a number of precedents of the New Zealand, English and other common law courts which established a settled

principle of law inconsistent with the foregoing analysis. That settled principle is open to review by the Board in the light of the foregoing analysis of the consequences in equity of the receipt of a bribe by a fiduciary.

In *Keech v. Sandford* (1726) Sel.Cas.T.King 61 a landlord refused to renew a lease to a trustee for the benefit of an infant. The trustee then took a new lease for his own benefit. The new lease had not formed part of the original trust property, the infant could not have acquired the new lease from the landlord and the trustee acted innocently, believing that he committed no breach of trust and that the new lease did not belong in equity to his cestui que trust. The Lord Chancellor held nevertheless at page 62 that "the trustee is the only person of all mankind who might not have the lease"; the trustee was obliged to assign the new lease to the infant and account for the profits he had received. The rule must be that property which a trustee obtains by use of knowledge acquired as trustee becomes trust property. The rule must, a fortiori, apply to a bribe accepted by a trustee for a guilty criminal purpose which injures the cestui que trust. The trustee is only one example of a fiduciary and the same rule applies to all other fiduciaries who accept bribes.

In *Fawcett v. Whitehouse* (1829) 1 Russ. & M. 132 the defendant Whitehouse intending to enter into partnership with the plaintiffs Shand and Fawcett negotiated for the grant of a lease by a landlord to the partnership. The landlord paid Whitehouse £12,000 for persuading the partnership to accept the lease. The Vice-Chancellor, Sir John Leach, said at page 149 that Whitehouse "was bound to obtain the best terms possible for the intended partnership ... and that all he did obtain will be considered as if he had done his duty and had actually received the £12,000 for the new partnership, as upon every equitable principle he was bound to do. I am of opinion, therefore, that this is what must be called in a court of equity a fraud on the part of the defendant. It was in fact selling his intended partner for £12,000". The Vice-Chancellor made a declaration that Whitehouse "had received the £12,000 on behalf of himself and the plaintiffs Shand and Fawcett equally and that he was a trustee as to one-third part of that sum, for Shand, as to another third part ... for the plaintiff Fawcett". An appeal to the Lord Chancellor was dismissed by Lord Lyndhurst. Although in that case, there was no need to trace the sum of £12,000 into other assets, the bribe of £12,000 was plainly held to be trust property.

In *Sugden v. Crossland* (1856) 3 Sm. & Giff. 192 a trustee was paid £75 for agreeing to retire from the trust and to appoint in his place the person who had paid the £75. The Vice-Chancellor, Sir John Stuart, said at page 194:-

> "It has been further asked that the sum of £75 may be treated as a part of the trust fund, and as such may be directed to be paid by Horsfield to the trustee for the benefit of the cestui que trusts under the will. It is a

> well-settled principle that, if a trustee make a profit of his trusteeship, it shall enure to the benefit of his cestui que trusts. Though there is some peculiarity in the case, there does not seem to be any difference in principle whether the trustee derived the profit by means of the trust property, or from the office itself."

This case is of importance because it disposes succinctly of the argument which appears in later cases and which was put forward by counsel in the present case that there is a distinction between a profit which a trustee takes out of a trust and a profit such as a bribe which a trustee receives from a third party. If in law a trustee, who in breach of trust invests trust monies in his own name, holds the investment as trust property, it is difficult to see why a trustee who in breach of trust receives and invests a bribe in his own name does not hold those investments also as trust property.

In *Tyrrell v. Bank of London and Others* (1862) 10 H.L. Cas. 26 a solicitor acting for a bank in negotiating the purchase by the bank of a building known as the Hall of Commerce acquired for himself an interest in a larger property which included the Hall of Commerce and then sold the Hall of Commerce to the bank at a profit. The House of Lords held that the solicitor was a trustee for the bank of his interests in the Hall of Commerce but was not a trustee for the bank of that part of the retained property which the bank never had any intention of acquiring. The solicitor was obliged to bring into account the value of the retained property in calculating the profit which the solicitor had made at the expense of the bank. No difficulty arises from the decision in this case but at pages 59/60 Lord Chelmsford said that if the solicitor had been paid a sum of £5,000 to induce the bank to purchase the Hall of Commerce at an excessive price, the bank could have recovered damages from the solicitor but could not have obtained the £5,000 on the grounds that it belonged to the bank. No reason was given and no authority cited for these observations which were unnecessary for the decision of the appeal before the House and which appear to be inconsistent with the authorities to which the Board have already referred.

In *In re Canadian Oil Works Corporation (Hay's Case)* (1875) L.R. 10 Ch. 593 the vendors of property to a company gave money forming part of the purchase price to a director of the company to enable him to subscribe for shares in the company. It was held that the money was the money of the company and that the shares registered in the name of the director were therefore unpaid. The judgment emphasised the rule that "no agent can in the course of his agency derive any benefit whatever without the sanction or knowledge of his principal;" per James L.J. at page 601.

In *In re Morvah Consols Tin Mining Company* (McKay's Case) (1875) 2 Ch.D. 1, upon the application of the liquidator of an insolvent company a director was ordered to pay under section 165 of the Companies Act 1862 compensation for his misfeasance in accepting 600 paid-up shares in the company from the vendor of property to the company. Mellish L.J. said at page 5:-

> "Either as a matter of bargain or as a present to the agent of the purchaser, it was in consideration of a benefit which the vendor had received from the company's agents. Now it is quite clear that, according to the principles of a Court of Equity, all the benefit which the agent of the purchaser receives under such circumstances from the vendor must be treated as received for the benefit of the purchaser."

A similar decision was reached in *In re Caerphilly Colliery Company* (Pearson's Case) (1877) 5 Ch.D 336 where a director received paid-up shares from the vendor of property to the company. Jessel M.R. referring to Sir Edwin Pearson the director in question said at pages 340/341:-

> "That being the position of Sir Edwin Pearson, can he be allowed to say in a Court of Equity that he, having received a present of part of the purchase money, and being knowingly in the position of agent and trustee for the purchasers, can retain that present as against the actual purchasers? It appears to me that, upon the plainest principles of equity and good conscience, he cannot. ... he cannot, in the fiduciary position he occupied, retain for himself any benefit or advantage that he obtained under such circumstances. He must be deemed to have obtained it under circumstances which made him liable, at the option of the cestui que trust, to account either for the value at the time of the present he was receiving, or to account for the thing itself and its proceeds if it had increased in value."

This is an emphatic pronouncement by the most distinguished equity judge of his generation that the recipient of a bribe holds the bribe and the property representing the bribe in trust for the injured person.

Different reasoning and a different result followed in *The Metropolitan Bank v. Heiron* (1880) 5 Ex.D. 319. This was a decision of a distinguished Court of Appeal heard and determined on one day, 5th August, perilously close to the long vacation without citation of any of the relevant authorities. An allegation of the receipt of a bribe by a director was considered in 1872 by the Board of Directors of the company and they decided to take no action. In 1879 the company sued to recover the bribe of £250 and it was held that the action was barred by the Statute of Limitations. James L.J. said at page 323:-

> "The ground of this suit is concealed fraud. If a man receives money by way of a bribe for misconduct

> against a company or cestui que trust, or any person or body towards whom he stands in a fiduciary position, he is liable to have that money taken from him by his principal or cestui que trust. But it must be borne in mind that that liability is a debt only differing from ordinary debts in the fact that it is merely equitable, and in dealing with equitable debts of such a nature Courts of Equity have always followed by analogy the provisions of the Statute of Limitations, in cases in which there is the same reason for making the length of time a bar as in the case of ordinary legal demands."

This judgment denies that any proprietary interest exists in the bribe. Brett L.J. at page 324 said that:-

> "It seems to me that the only action which could be maintained by the company or by the liquidator of the company against this defendant would be an action in equity founded upon the alleged fraud of the defendant. Neither at law nor in equity could this sum of £250 be treated as the money of the company, until the court, in an action by the company, had decreed it to belong to them on the ground that it had been received fraudulently as against them by the defendant."

This is a puzzling passage which appears to mean that a proprietary interest in the bribe arises as soon as a court has found that a bribe has been accepted.

Cotton L.J. at page 325 said:-

> "Here the money sought to be recovered was in no sense the money of the company, unless it was made so by a decree founded on the act by which the trustee got the money into his hands. It is a suit founded on breach of duty or fraud by a person who was in the position of trustee, his position making the receipt of the money a breach of duty or fraud. It is very different from the case of a cestui que trust seeking to recover money which was his own before any act wrongfully done by the trustee."

This observation does draw a distinction between monies which are held on trust and are taken out by the trustee and monies which are not held on trust but which the trustee receives in circumstances which oblige him to pay the money into the trust. The distinction appears to be inconsistent with *Keech v. Sandford* (1726) Sel.Cas.T.King 61 and with those authorities which make the recipient of the bribe liable for any increase in value. The decision in *Metropolitan Bank v. Heiron* (1880) 5 Ex.D. 319 is understandable given the finding that the fraud was made known to the company more than six years before the action was instituted. But the same result could have been achieved by denying an equitable remedy on the grounds of delay or ratification.

It has always been assumed and asserted that the law on the subject of bribes was definitively settled by the decision of the Court of Appeal in *Lister & Co. v. Stubbs* (1890) 45 Ch.D. 1.

In that case the plaintiffs, Lister & Co., employed the defendant, Stubbs, as their servant to purchase goods for the firm. Stubbs, on behalf of the firm, bought goods from Varley & Co. and received from Varley & Co. bribes amounting to £5,541. The bribes were invested by Stubbs in freehold properties and investments. His masters, the firm Lister & Co., sought and failed to obtain an interlocutory injunction restraining Stubbs from disposing of these assets pending the trial of the action in which they sought *inter alia* £5,541 and damages. In the Court of Appeal the first judgment was given by Cotton L.J. who had been party to the decision in *Metropolitan Bank v. Heiron* (1880) 5 Ex.D. 319. He was powerfully supported by the judgment of Lindley L.J. and by the equally powerful concurrence of Bowen L.J. Cotton L.J. said at page 12 that the bribe could not be said to be the money of the plaintiffs. He seemed to be reluctant to grant an interlocutory judgment which would provide security for a debt before that debt had been established. Lindley L.J. said at page 15 that the relationship between the plaintiffs, Lister & Co., as masters and the defendant, Stubbs, as servant who had betrayed his trust and received a bribe:-

> "... is that of debtor and creditor; it is not that of trustee and cestui que trust. We are asked to hold that it is - which would involve consequences which, I confess, startle me. One consequence, of course, would be that, if Stubbs were to become bankrupt, this property acquired by him with the money paid to him by Messrs. Varley would be withdrawn from the mass of his creditors and be handed over bodily to Lister & Co. Can that be right? Another consequence would be that, if the appellants are right, Lister & Co. could compel Stubbs to account to them, not only for the money with interest, but for all the profit which he might have made by embarking in trade with it. Can that be right?"

For the reasons which have already been advanced their Lordships would respectfully answer both these questions in the affirmative. If a trustee mistakenly invests moneys which he ought to pay over to his cestui que trust and then becomes bankrupt, the monies together with any profit which has accrued from the investment are withdrawn from the unsecured creditors as soon as the mistake is discovered. *A fortiori* if a trustee commits a crime by accepting a bribe which he ought to pay over to his cestui que trust, the bribe and any profit made therefrom should be withdrawn from the unsecured creditors as soon as the crime is discovered.

The decision in *Lister v. Stubbs* is not consistent with the principles that a fiduciary must not be allowed to benefit

from his own breach of duty, that the fiduciary should account for the bribe as soon as he receives it and that equity regards as done that which ought to be done. From these principles it would appear to follow that the bribe and the property from time to time representing the bribe are held on a constructive trust for the person injured. A fiduciary remains personally liable for the amount of the bribe if, in the event, the value of the property then recovered by the injured person proved to be less than that amount.

The decisions of the Court of Appeal in *The Metropolitan Bank v. Heiron* (1880) 5 Ch.D. 319 and *Lister v. Stubbs* are inconsistent with earlier authorities which were not cited. Although over 100 years has passed since *Lister v. Stubbs*, no one can be allowed to say that he has ordered his affairs in reliance on the two decisions of the Court of Appeal now in question. Thus no harm can result if those decisions are not followed.

The decision in *Lister v. Stubbs* was followed in *Powell & Thomas v. Evans Jones & Co.* [1905] 1 K.B. 11 and *A.G. v. Goddard* [1929] 98 L.J.K.B. 743. In *Regal (Hastings) Ltd. v. Gulliver* [1942] 1 All.E.R. 378 shares intended to be acquired by directors at par to avoid them giving a guarantee of the obligations under a lease were sold at a profit and the directors were held to be liable to the company for the proceeds of sale, applying *Keech v. Sandford*.

In *Reading v. A.G.* [1951] A.C. 507, the Crown confiscated thousands of pounds paid to an army sergeant who had abused his official position to enable drugs to be imported. The Crown was allowed to keep the confiscated monies to avoid circuity of action.

Finally in *Islamic Republic of Iran Shipping Lines v. Denby* [1987] 1 Lloyd's Report 367 Leggatt J. followed *Lister v. Stubbs* as indeed he was bound to do.

The authorities which followed *Lister v. Stubbs* do not cast any new light on that decision. Their Lordships are more impressed with the decision of Lai Kew Chai J. in *Sumitomo Bank Limited v. Kartika Ratna Thahir* [1993] 1 S.L.R. 735. In that case General Thahir who was at one time general assistant to the President Director of the Indonesian State Enterprise named Pertamina opened 17 bank accounts in Singapore and deposited DM54 million in those accounts. The money was said to be bribes paid by two German contractors tendering for the construction of steel works in West Java. General Thahir having died, the monies were claimed by his widow, by the estate of the deceased General and by Pertamina. After considering in detail all the relevant authorities the judge determined robustly at page 810 that *Lister v. Stubbs* was wrong and that its "undesirable and unjust consequences should not be imported and perpetuated as part of" the law of Singapore. Their Lordships are also

much indebted for the fruits of research and the careful discussion of the present topic in the address entitled 'Bribes and secret commissions' [1993] Retitution Law Rev 7, delivered by Sir Peter Millett to a meeting of the Society of Public Teachers of Law at Oxford in 1993. The following passage elegantly sums up the views of Sir Peter Millett (at 20):

> '[The fiduciary] must not place himself in a position where his interest may conflict with his duty. If he has done so, equity insists on treating him as having acted in accordance with his duty; he will not be allowed to say that he preferred his own interest to that of his principal. He must not obtain a profit for himself out of his fiduciary position. If he has done so, equity insists on treating him as having obtained it for his principal; he will not be allowed to say that he obtained it for himself. He must not accept a bribe. If he has done so, equity insists on treating it as a legitimate payment intended for the benefit of the principal; he will not be allowed to say that it was a bribe.'

The conclusions reached by Lai Kew Chai J in Sumitomo Bank Ltd v Kartika Ratna Thahir and the views expressed by Sir Peter Millett were influenced by the decision of the House of Lords in Boardman v Phipps [1966] 3 All ER 721, [1967] 2 AC 46, which demonstrates the strictness with which equity regards the conduct of a fiduciary and the extent to which equity is willing to impose a constructive trust on property obtained by a fiduciary by virtue of his office. In that case a solicitor acting for trustees rescued the interests of the trust in a private company by negotiating for a take-over bid in which he himself took an interest. He acted in good faith throughout and the information which the solicitor obtained about the company in the take-over bid could never have been used by the trustees. Nevertheless the solicitor was held to be a constructive trustee by a majority in the House of Lords because the solicitor obtained the information which satisfied him that the purchase of the shares in the take-over company would be a good investment and the opportunity of acquiring the shares as a result of acting for certain purposes on behalf of the trustees: see per Lord Cohen ([1966] 3 All ER 721 at 743, [1967] 2 AC 46 at 103). If a fiduciary acting honestly and in good faith and making a profit which his principal could not make for himself becomes a constructive trustee of that profit, then it seems to their Lordships that a fiduciary acting dishonestly and criminally who accepts a bribe and thereby causes loss and damage to his principal must also be a constructive trustee and must not be allowed by any means to make any profit from his wrongdoing.

The New Zealand Court of Appeal in the present case declined to enter into the merits of Lister & Co v Stubbs, founding itself on a passage in the judgment of this Board delivered by Lord Scarman in Tai Hing Cotton Mill Ltd v Liu Chong Hing Bank Ltd [1986] LRC (Comm) 47 at 61-62, [1986] AC 80 at 108 where his

Lordship said the duty of the New Zealand Court of Appeal was not to depart from a settled principle of English law. While their Lordships regard the application of stare decisis in the New Zealand Court of Appeal as a matter for that Court, they desire to make the following remarks, in case Lord Scarman's comments in *Tai Hing Cotton Mill Ltd. v. Liu Chong Hing Bank Ltd.* have in any way been misunderstood.

In the present case the Court of Appeal did not say and could not have meant that it was bound by a decision of the English Court of Appeal, since for many years the New Zealand courts have not regarded themselves as bound by decisions of the House of Lords, although of course continuing to pay great respect to them. The reasoning of the Court of Appeal, as their Lordships understand it, was rather that in the absence of differentiating local circumstances the Court should follow a decision representing contemporary English law, leaving its correctness for consideration by this Board. Without in any way criticising that approach in the circumstances of this case, where the decision in question was of such long standing, their Lordships wish to add that nevertheless the New Zealand Court of Appeal must be free to review an English Court of Appeal authority on its merits and to depart from it if the authority is considered to be wrong. *Hart v. O'Connor* [1985] A.C. 1000 to which Lord Scarman referred in the passage mentioned by the Court of Appeal concerned the very different situation of the Court of Appeal wishing to apply English law but, in the judgment of this Board, misapprehending the state of the contemporary law. In any case where the New Zealand Court of Appeal has to decide whether to follow an English authority, its own views on the issue, untrammelled by authority, will always be of great assistance to the Board.

The Attorney General for Hong Kong has registered caveats against the title of the three New Zealand properties. He seeks to renew the caveats to prevent any dealing with the property pending the hearing of proceedings which, their Lordships are informed, have been initiated for the purpose of claiming the properties on a constructive trust. The respondents oppose the renewal of the caveats on the grounds that the Crown had no equitable interest in the three New Zealand properties. For the reasons indicated their Lordships consider that the three properties so far as they represent bribes accepted by Mr. Reid are held in trust for the Crown.

Before parting with this appeal their Lordships wish to express their appreciation for the eloquent and well structured submissions made by Mr. David Oliver Q.C. on behalf of the Attorney General for Hong Kong and by Mr. Antony White on behalf of the respondents.

Their Lordships will therefore humbly advise Her Majesty that this appeal should be allowed. Since an unfulfilled order has been made against Mr. Reid in the courts of Hong Kong to pay HK$12.4 million, his purpose in opposing the relief sought by the Crown in New Zealand must reflect the hope that the properties, in the absence of a caveat, can be sold and the proceeds whisked away to some Shangri La which hides bribes and other corrupt monies in numbered bank accounts. In these circumstances Mr. and Mrs. Reid must pay the costs of the Attorney General before the Board and in the lower courts; as regards Mr. Molloy the costs orders in his favour in the High Court and in the Court of Appeal should be set aside and Mr. Molloy must repay any sums that have been paid to him. There will be no order against Mr. Molloy for the costs incurred by the Attorney General before the Board.