

# **EXHIBIT M**



House of Commons  
Culture, Media and Sport  
Committee

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# **News International and Phone-hacking**

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**Eleventh Report of Session 2010-12**

*Volume I*





House of Commons  
Culture, Media and Sport  
Committee

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# News International and Phone-hacking

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**Eleventh Report**

***Volume I***

*Volume I: Report, together with formal  
minutes*

*Volume II: Oral and written evidence*

*Ordered by the House of Commons  
to be printed 30 April 2012*

HC 903-I  
Published on 1 May 2012  
by authority of the House of Commons  
London: The Stationery Office Limited  
£0.00

## The Culture, Media and Sport Committee

The Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Culture, Media and Sport and its associated public bodies.

### Current membership

Mr John Whittingdale MP (*Conservative, Maldon*) (Chair)  
Dr Thérèse Coffey MP (*Conservative, Suffolk Coastal*)  
Damian Collins MP (*Conservative, Folkestone and Hythe*)  
Philip Davies MP (*Conservative, Shipley*)  
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Jim Sheridan MP (*Labour, Paisley and Renfrewshire North*)  
Mr Gerry Sutcliffe MP (*Labour, Bradford South*)  
Mr Tom Watson MP (*Labour, West Bromwich East*)

### Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at [www.parliament.uk/parliament.uk/cmscom](http://www.parliament.uk/parliament.uk/cmscom). A list of Reports of the Committee in the present Parliament is at the back of this volume.

The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some of the written evidence are available in a printed volume.

Additional written evidence is published on the internet only.

### Committee staff

The following staff assisted the Committee in the preparation of this report: Emily Commander (Clerk of the Committee till April 2012), Elizabeth Flood (Clerk of the Committee from April 2012), Jackie Recardo and Victoria Butt (Senior Committee Assistants), Keely Bishop and Alison Pratt (Committee Assistants), Elizabeth Bradshaw (Committee Specialist), Jessica Bridges-Palmer (Media Officer), Michael Carpenter (Speaker's Counsel) and Andrew Kennon (Clerk of Committees).

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2 News International and Phone-hacking

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# 1 Introduction

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1. This Report examines whether or not there is good evidence to suggest that the Committee and its predecessor Committees have been misled by any witnesses during the course of their work on the phone-hacking scandal, which continues to reverberate around News International and to have major repercussions for the British newspaper industry as a whole.

## Background: the Committee's work on phone-hacking

2. In the last decade, the Committee's predecessors have conducted three separate inquiries into press standards, taking a special interest in privacy. In the last Parliament, as part of the most recent of the three Reports—*Press standards, privacy and libel*—the Committee looked into allegations of widespread phone-hacking at the *News of the World*.<sup>1</sup> It was not convinced by assurances given to it that phone-hacking had been the work of a single 'rogue reporter' and was frustrated by what it described as the "collective amnesia" that seemed to afflict witnesses from News International.<sup>2</sup> It also criticised the Metropolitan Police for failing to pursue its own investigation into phone-hacking.<sup>3</sup> The Committee made it clear that it regarded some of the contentions made by witnesses as straining credulity but, faced with a repeated insistence that wrongdoing was not widespread, and the unwillingness of police and prosecutors to investigate further, it was not possible to conclude definitively that we had knowingly been given evidence which was deliberately misleading or false, either by individuals or by News International itself.

3. A series of events in 2011 changed the situation:

- On 5 January 2011, the *News of the World* suspended its Assistant Editor Ian Edmondson over alleged involvement in phone-hacking.
- On 15 January 2011, following continued civil cases by phone-hacking victims, the Crown Prosecution Service announced a review of the evidence collected in the Metropolitan Police's original investigation of phone-hacking at the *News of the World*. The announcement was made after News International had tasked Group General Manager Will Lewis with re-examining all the documents held by Harbottle & Lewis, a firm of solicitors that—in 2007—had conducted an independent review of those papers in the context of an unfair dismissal claim being brought by Clive Goodman, the *News of the World*'s former Royal Editor, against the company. Mr Lewis had passed the material to a different firm of solicitors, Hickman Rose, who in turn had referred the material to Lord Macdonald of River Glaven, a former Director of Public Prosecutions, for an opinion. On the basis of his opinion, it was decided to refer the matter immediately to the police.

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1 Culture, Media and Sport Select Committee, Second Report of Session 2009-10, *Press standards, privacy and libel*, HC 362 (hereafter referred to as *Press standards, privacy and libel*)

2 *Press standards, privacy and libel*, paras 441 and 442

3 *Press standards, privacy and libel*, para 467



- On 26 January 2011, the Metropolitan Police announced that it was re-opening its investigation into phone-hacking. The new investigation, Operation Weeting, is being led by Deputy Assistant Commissioner Sue Akers, who replaced Acting Deputy Commissioner John Yates, one of the Metropolitan Police witnesses who appeared before the Committee in 2009. It is conducting a fresh examination of all evidence, including that held by the police since the prosecution of the newspaper's former Royal Editor, Clive Goodman, and the private investigator, Glenn Mulcaire, and is contacting, with distinctly more vigour and purpose, victims of the newspaper's phone-hacking activities. Since then, two further, parallel investigations have been launched, also headed by DAC Akers: Operation Elveden into alleged payments to police officers; and Operation Tuleta into other activities beyond phone-hacking, including e-mail and computer hacking.
- On 10 March 2011, Chris Bryant MP held an adjournment debate on the floor of the House of Commons, during the course of which he accused Acting Deputy Commissioner John Yates of having misled both the Culture, Media and Sport and Home Affairs Select Committees when giving evidence on phone-hacking. Mr Yates had asserted that, under the Regulation of Investigatory Powers Act 2000 (RIPA), it was only possible to prosecute illegal voicemail intercepts if it could be proved that the hacker had accessed the voicemail before the intended recipient had listened to it.<sup>4</sup> Written evidence to the Home Affairs Committee from the Director of Public Prosecutions stated, however, that "the prosecution [in the cases of Clive Goodman and Glenn Mulcaire] did not in its charges or presentation of the facts attach any legal significance to the distinction between messages which had been listened to and messages that had not".<sup>5</sup> In fact, because both Clive Goodman and Glenn Mulcaire had pleaded guilty, this issue was never tested.<sup>6</sup> On 14 March 2011, Acting Deputy Commissioner John Yates wrote to the Committee offering to give evidence in response to the comments made by Mr Bryant in his debate four days earlier and did so on 24 March.
- On 5 April 2011, Ian Edmondson and Neville Thurlbeck, the *News of the World's* Chief Reporter, were arrested on suspicion of unlawfully intercepting voicemail messages, the first arrests in the course of the new police investigations.<sup>7</sup>
- On 7 July 2011, James Murdoch, Deputy Chief Operating Officer and Chairman and Chief Executive Officer (International), News Corporation, made a public statement announcing the closure of the *News of the World*, in which he stated that wrongdoing was not confined to one reporter and that both the newspaper and News International had failed to get to the bottom of this affair. He also said that "the paper made

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4 AC John Yates oral evidence to Home Affairs Committee, Sept 7 2010, Q5, published as *Specialist Operations*, HC 441-I, of session 2010-12

5 Memorandum submitted by Keir Starmer QC, Director of Public Prosecutions to the Home Affairs Committee, October 2010, published in Home Affairs Committee, *Unauthorised tapping into or hacking of mobile communications*, Thirteenth Report of Session 2010-12, HC 907, Ev 126

6 Standards & Privileges Committee, *Privilege: Hacking of Members' Mobile Phones*, Fourteenth Report of Session 2010-12, HC 628, Appendix

7 "Phone hacking: NoW journalist arrested" *The Guardian* online, 5 April 2011

statements to Parliament without being in the full possession of the facts. This was wrong”.<sup>8</sup>

4. Taken together, all these events made it inevitable, and imperative, that the Committee would wish to re-open its inquiries into the phone-hacking affair, and its fall-out, and investigate in particular the extent to which we, and previous Committees, had been misled. We re-opened our inquiry. Given James Murdoch’s public assertion that the *News of the World* had “made statements to Parliament without being in the full possession of the facts”, we decided to invite James Murdoch to give oral evidence on 19 July 2011 so that he could expand on this admission. We invited Rebekah Brooks, then Chief Executive Officer of News International, and Rupert Murdoch, Chairman and Chief Executive Officer of News Corporation, to give evidence alongside him. Rebekah Brooks responded that she would be able to give oral evidence at the time requested. Rupert Murdoch declined to attend and James Murdoch said that he would be willing to attend on an unspecified future date. Finding this to be unsatisfactory, we issued an Order summoning Rupert and James Murdoch to attend the Committee on 19 July 2011, which they did.

5. During the evidence session on 19 July 2011, Rupert Murdoch was subjected to an assault by a member of the public. The Chairman expressed his grave concern that such a serious incident was able to take place within the precincts of Parliament and apologised to Rupert Murdoch on behalf of the Committee. Similarly, the Speaker of the House of Commons stated that “it is wholly unacceptable for a member of the public to treat, and to be able to treat, a witness in this way”. He commissioned an independent review into the security breach and steps have been taken to ensure that no such thing can happen again.<sup>9</sup> We thank Rupert Murdoch for his willingness to continue to give evidence to us in those circumstances.

6. Given the testimony of the Murdochs, what we had heard from other witnesses previously and a dispute between two previous witnesses—Tom Crone and Colin Myler—and James Murdoch,<sup>10</sup> we held a series of further evidence sessions. On 6 September, we heard from various former News International employees: Jonathan Chapman, former Director of Legal Affairs; Daniel Cloke, former Group Human Resources Director; Tom Crone, former Legal Manager for News Group Newspapers; and Colin Myler, the former Editor of the *News of the World*. On 19 October, we heard from Julian Pike, a solicitor at Farrer & Co and long-time legal adviser to News International, and Mark Lewis, a solicitor at Taylor Hampton, whose pursuit of the affair as the legal adviser to Gordon Taylor, the first victim to sue, had been instrumental in exposing the extent of phone-hacking at the *News of the World*. Les Hinton, former Executive Chairman of News International, gave evidence by video-link on 24 October and, on 10 November, we heard again from James Murdoch. Our predecessor Committees had heard from Rebekah Brooks, Tom Crone, Colin Myler, former *News of the World* Editor Andy Coulson, former *News of the World* Managing Editor Stuart Kuttner, Mark Lewis and Les Hinton during the course of their previous inquiries.

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<sup>8</sup> News International Press Release, 7 July 2011

<sup>9</sup> HC Deb, 20 July 2011, Column 917

<sup>10</sup> [www.guardian.co.uk/media/2011/nov/10/james-murdoch-phone-hacking-myler-crone](http://www.guardian.co.uk/media/2011/nov/10/james-murdoch-phone-hacking-myler-crone)

7. We also received a considerable amount of very detailed written evidence, all of which is published alongside the transcripts of the oral evidence sessions as part of this Report. For ease of reference, a timeline of events and list of the people involved are both included as annexes to this Report.

### Parliamentary context

8. The truthfulness of evidence given before a select committee, whether in written or oral form, is a cornerstone of the parliamentary select committee system. Erskine May, *The Treatise on the Law, Privileges and Usage of Parliament*, notes that “the House requires truthful evidence from witnesses and seeks to protect them from being obstructed from giving evidence”.<sup>11</sup> So strong is the presumption of truth, and so seriously do most witnesses take the process of giving evidence, that it is not usual for select committees to administer oaths to witnesses.<sup>12</sup>

9. To enable it to carry out its functions, each House of Parliament enjoys certain rights and immunities, foremost amongst which is freedom of speech. The sum of these rights and immunities is known as parliamentary privilege. Breaches in privilege are punishable under the law of Parliament. Actions which are not breaches of a specific privilege but are offences against the authority and dignity of the House, and would tend to obstruct or impede it, are known as contempts of Parliament. Erskine May notes that “the power to punish for contempt has been judicially considered to be inherent in each House of Parliament”.<sup>13</sup>

10. As bodies of the House of Commons, select committees and their members share in the House’s privileges and the same principles of contempt apply. Witnesses found to have misled a select committee, to have wilfully suppressed the truth, to have provided false evidence and even to have prevaricated have all been considered to be guilty of contempt of Parliament in the past.<sup>14</sup> This is no trivial matter, either for select committees or for witnesses. Select committees rely upon the truthfulness of the evidence given to them in order to conduct their business. As far as witnesses are concerned, even setting aside the issue of punishment, to be found in contempt of Parliament brings reputational damage and public opprobrium. It is, therefore, something that all witnesses would normally strive to avoid. This perhaps explains why committees only very rarely need to consider the issue of contempt.

11. The allegation that witnesses have misled the Committee is a grave one and the awareness of the potentially serious consequences of our conclusions for the individuals concerned has been an important consideration to us in our work. A select committee inquiry is not a judicial process but the same principles of fairness and impartiality should apply, particularly where so much is at stake for specific individuals. For this reason, we have been particularly careful to separate out fact from opinion in both the evidence that we have received and in the conclusions that we have reached.

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11 Erskine May, *Parliamentary Practice*, 24<sup>th</sup> ed., pp 817-818

12 Erskine May, 24<sup>th</sup> ed., p 824

13 Erskine May, 24<sup>th</sup> ed., p 203

14 Erskine May, 24<sup>th</sup> ed., pp 252-253

## The wider context and other investigations into phone-hacking

12. Phone-hacking is currently the subject of the Metropolitan Police's Operation Weeting investigation, as well as a separate inquiry by Strathclyde Police and Lord Justice Leveson's public inquiry into the culture, practices and ethics of the media. Given that we have been inquiring into the issue of whether or not the Committee has been misled, in theory the scope for overlap with either the police investigation or Lord Justice Leveson's inquiry should be limited. In practice, the issue of whether or not we have been misled turns on a detailed understanding of the scope and implications of a number of documents and events, most of which are likely also to be of interest to the Metropolitan Police and to Lord Justice Leveson.

13. We have, from the outset of this inquiry, been mindful of the need to avoid unnecessary overlap with either the work of the Police or Lord Justice Leveson's inquiry. Where some degree of duplication has been unavoidable, we have worked very hard to ensure that we did not pursue lines of inquiry which risked prejudicing future criminal prosecutions. If some of the individuals who have been of interest to us are suspected of any form of criminal activity, it is clearly of paramount importance that it is possible for a case to be brought and for any resulting trial to be fair. For this reason, we have been careful to respect the requests of individuals who have been arrested, in view of ongoing police proceedings.

14. The issue of whether or not we have been misled is, however, properly a matter for the Committee itself to investigate. Indeed, had it not been for our insistence—as well as the persistence of the *Guardian* newspaper, certain lawyers and the civil claimants—many of the issues might never have come to light. We believe that in our work we have struck the appropriate balance between considering the important matter of a possible contempt of the House and allowing the Metropolitan Police investigation and the inquiry by Lord Justice Leveson to proceed unimpeded. As with the 2010 Report into *Press standards, privacy and libel*, we have also had to be pragmatic. Fresh revelations occur in this affair day by day and civil claimants, their lawyers and the judges involved have in their possession more facts than this Committee, including disclosures protected by court confidentiality. Conversely, through the powers of Parliamentary privilege and our decision not to depose witnesses under oath, we have been able both to ask questions of witnesses and to receive written evidence that other inquiries and proceedings would never have been able to obtain. We recognise that matters are fluid, and any report of ours may be overtaken by events. Nevertheless, it is incumbent on the Committee to produce a report based on the evidence before us, which is substantial.

## Scope of the Committee's investigation

15. News International's claim that phone-hacking could be dismissed as the work of a single 'rogue reporter' at the *News of the World* was a false one. As a result not only of our own investigation, but also of civil cases currently before the courts, Lord Justice Leveson's inquiry and investigative journalism, there has been a steady flow of evidence which, taken together, comprehensively discredits that assertion. This is beyond dispute. We have not, therefore, sought to test News International's original claim against every new piece of evidence: to do so would not only consume many more months and pages than we have at our disposal, but would also replicate work being done quite properly elsewhere. Instead,

we have conducted detailed scrutiny of a small number of events and documents that are pivotal to any assessment of the truthfulness of the more specific assertions made to the Committee on previous occasions, in particular:

- a) The nature of the so-called 'investigations' at the *News of the World* involving its solicitors Burton Copeland and Harbottle & Lewis;
- b) The allegations made by Clive Goodman in pursuit of his employment claim and his subsequent pay-off, as well as that made to Glenn Mulcaire;
- c) Awareness of the so-called 'for Neville' e-mail, and its implications, within the *News of the World* and its two holding companies News Group Newspapers and News International;
- d) The out-of-court settlements made by News Group Newspapers with Gordon Taylor and other victims or claimants, insofar as evidence revealed in their cases is material as to whether the Committee has been misled; and
- e) The illegal interception of voicemails left on Milly Dowler's mobile telephone.

16. During the course of this inquiry, we have been very concerned to learn of the alleged surveillance conducted by, or on behalf of, the *News of the World*, on members of our predecessor Committee during the course of its inquiry. We have, therefore, also followed up this serious matter in our questioning.

17. In the light of the serious events since our 2010 Report, not least the summary closure of the *News of the World* in July 2011, before examining these areas in detail, we turn first to the approach of the newspaper and News International towards previous inquiries by the Committee, and also towards those of the Metropolitan Police and the Press Complaints Commission.

## 2 News International: cooperation with the Committee and other investigations

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18. Following the convictions of Clive Goodman and Glenn Mulcaire in 2007, and the Guardian's revelation of the civil settlement with Gordon Taylor in 2009, the *News of the World* and its parent companies made several key assertions, which have proven to be untrue:

- That phone-hacking was limited to one 'rogue reporter' working with one private detective/enquiry agent.
- That the affair had been thoroughly investigated by the organisation, not once or twice, but on three occasions, and no further evidence of wrongdoing had been found.
- That phone-hacking was limited in time between 2005 and 2006, the years covered by the original police investigation leading to the criminal charges against Goodman and Mulcaire.
- That potentially illegal intrusion was limited to phone-hacking, and confined also to the *News of the World* among News International's newspaper titles.

19. In 2009, when the Committee re-opened its inquiry into phone-hacking following publication of the Gordon Taylor settlement, senior witnesses from the *News of the World* recounted their reaction in vivid terms to the original arrests in 2006.

20. Giving evidence on 21 July 2009, for example, Stuart Kuttner, former Managing Editor of the *News of the World*, said he had never come across cases before where his journalists had tried to obtain information illegally, or from sources who would do so. And he added:

The events of the day that the police came and Clive Goodman was arrested are seared into my brain. It was a traumatic event and I cannot state too strongly how alarming that was, and 'surprising' is not even an adequate term.<sup>15</sup>

21. In its 2010 Report, *Press standards, privacy and libel*, the Committee nonetheless was "struck by the collective amnesia afflicting witnesses from the *News of the World*".<sup>16</sup> During the inquiry which led to the production of that Report, the forgetfulness of News International reached new levels on 15 September 2009, when Les Hinton, formerly Chief Executive of News International, appeared before the Committee and stated that he did not know, could not recall, did not remember or was not familiar with the events under scrutiny a total of 72 times.<sup>17</sup>

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<sup>15</sup> Published in *Press standards, privacy and libel*, Volume II, Q1685

<sup>16</sup> *Press standards, privacy and libel*, para 442

<sup>17</sup> *Press standards, privacy and libel*, Vol II, Qqs 2107, 2111, 2114, 2117, 2118, 2119, 2121, 2123, 2126, 2134, 2135, 2140, 2141, 2143, 2149, 2150, 2154, 2155, 2156, 2157, 2161, 2167, 2171, 2173, 2174, 2175, 2176, 2177, 2178, 2188, 2189, 2191, 2196, 2199, 2201, 2202, 2206, 2207, 2208, 2213, 2220, 2228, 2230, 2234 and 2236

22. In 2009, witnesses from News International had noticeably less difficulty remembering the investigative measures to which the company claimed it had been subject following the arrest of Clive Goodman and Glenn Mulcaire. On 21 July 2009, Andy Coulson, who had resigned as Editor in 2007 following the convictions, said: “Obviously we wanted to know internally very quickly what the hell had gone on. Then I brought in Burton Copeland, an independent firm of solicitors, to carry out an investigation. We opened up the files as much as we could. There was nothing that they asked for that they were not given.”<sup>18</sup> Colin Myler, then Editor of the *News of the World*, told us that “I do not know of any newspaper—and this is the fourth national newspaper that I have had the privilege of editing—or broadcasting organisation that has been so forensically investigated over the past four years—none”.<sup>19</sup> He later listed those investigations and said that “if it comes down to this Committee and others not being satisfied by those inquiries, I really do not know what more I can say”.<sup>20</sup> At the same evidence session, Tom Crone, then Legal Manager of News Group Newspapers, told us that:

In the aftermath of Clive Goodman and Mulcaire’s arrest and subsequent conviction various internal investigations were conducted by us. This was against the background of a nine month massively intense police investigation prior to arrest and then a continuing investigation in the five months up to conviction. [...] At no stage during their investigation or our investigation did any evidence arise that the problem of accessing by our reporters, or complicity of accessing by our reporters, went beyond the Goodman/Mulcaire situation.<sup>21</sup>

23. In 2009, News International’s lone ‘rogue reporter’ defence was based upon the stated thoroughness of two allegedly independent investigations by solicitors, Burton Copeland and Harbottle & Lewis, which included an extensive review of senior staff e-mails; the company’s further internal investigation following the *Guardian*’s revelations in July 2009; on the Metropolitan Police’s investigation into the affair and the unwillingness of either the police or the Crown Prosecution Service to re-open the matter subsequently; and on a review by the Press Complaints Commission, which found not only that the *News of the World* had no further case to answer, but which castigated the *Guardian* in its conclusions.<sup>22</sup> The Committee’s 2010 Report rejected News International’s account, stating that “evidence we have seen makes it inconceivable that no-one else at the *News of the World*, bar Clive Goodman, knew about the phone-hacking”.<sup>23</sup> On 19 July 2011, Rebekah Brooks told us that “everyone at News International has a great respect for Parliament and for this Committee. Of course, to be criticised by your Report was something that we responded to”.<sup>24</sup> The response at the time was hardly as respectful as this comment suggests. Indeed, the Committee’s conclusions were forcefully rejected in a press release issued by News International on the day of publication, which started with:

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18 *Press standards, privacy and libel*, Vol II, Q 1719

19 *Press standards, privacy and libel*, Vol II, Q 1406

20 *Press standards, privacy and libel*, Vol II, Q 1487

21 *Press standards, privacy and libel*, Q 1339

22 PCC report on phone message tapping allegations, November 9 2009, Press Complaints Commission. This report was subsequently withdrawn by the PCC on 6 July 2011.

23 *Press standards, privacy and libel*, para 440

24 Q 559

The credibility of the Select Committee system relies on committee members exercising their powers with responsibility and fairness, and without bias or external influence. Against these standards, the CMS Committee has consistently failed.

The reaction of the Committee to its failure to find any new evidence has been to make claims of 'collective amnesia', deliberate obfuscation and concealment of the truth.

News International strongly rejects these claims.

News International believes that the Select Committee system has been damaged and materially diminished by this inquiry and that certain members of this CMS Committee have repeatedly violated the public trust.<sup>25</sup>

24. A comment piece, published in the *News of the World* the following Sunday was, if anything, more vitriolic. In a full page editorial, headlined 'YOUR right to know is mired in MPs' bias. But a free press is far too precious to lose', the newspaper stated:

Sadly, the victims here are YOU, the public. If these MPs get their way, our media landscape will be changed forever.

Serious reform of the laws that stop us telling the truth—reform on which this committee should have spent the vast bulk of its time—has at the very least been delayed.

And, with no hint of parody or irony, it concluded:

So each time you read a revelation in the *News of the World* or any paper, bear in mind the forces that are at work trying to silence us and keep you in ignorance.

They are many and they are powerful. And right now they're doing their damndest to wreck the most precious of basic press freedoms—your right to know. As they watched the Select Committee descent into bias, spite and bile, they'd have been cheering.

We'll take no lessons in standards from MPs—nor from the self-serving pygmies who run the circulation-challenged *Guardian*.

But we promise this: As long as we have the power to fight, you can rely on us to keep doing what we do best—revealing the misdeeds that influential people are desperate to hide.

And we'll let YOU be our judge and jury.<sup>26</sup>

The Editor of the newspaper at the time was Colin Myler and the Legal Manager of News Group Newspapers was Tom Crone.

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25 News International statement, 23 February 2010

26 *News of the World*, Sunday 28 February 2010



25. The newspaper's—and News International's—denials continued subsequently throughout 2010, until disclosures secured in a civil action by the actress Sienna Miller forced a change of stance at the end of the year. Notably, in a characteristically robust response to an in-depth investigation by the *New York Times* in September 2010—which cited several named and un-named former staff alleging that phone-hacking was widespread—the newspaper stated:

As a general point, we reject absolutely any suggestion or assertion that the activities of Clive Goodman and Glenn Mulcaire, at the time of their arrest, were part of a 'culture' of wrong-doing at the *News of the World* and were specifically sanctioned or accepted at senior level in the newspaper.

We equally reject absolutely any suggestion or assertion that there has continued to be such a culture at the newspaper.

At the time of those arrests, and subsequently, we co-operated with the authorities in their investigations (which resulted in criminal convictions which were followed by the then Editor taking responsibility and stepping down), just as we co-operated with the CMS Select Committee in its extensive inquiry last year.

No evidence came out of those investigations or that inquiry that corroborates any such suggestion or assertion.<sup>27</sup>

26. As far as that statement's depiction of our inquiry was concerned, nothing could have been further from the truth. We had seen evidence that more than one reporter had been involved in phone-hacking, and had said so. Conveniently, the response to the *New York Times* piece omitted any reference to our Report's trenchant criticisms of the *News of the World*.

27. On 10 November 2011, on his second appearance before the Committee, James Murdoch explained this reaction as "the tendency for a period of time to react to criticism or allegations as being hostile, or motivated commercially or politically".<sup>28</sup> During his two appearances, he apologised for what he termed the company's 'aggressive defence'.<sup>29</sup> This apology was certainly a long time in coming.

28. The reality is that News International took no further investigative or disciplinary action as a result of the Select Committee's 2010 Report, nor following further civil actions following the confidential, out-of-court settlement with Gordon Taylor all the way back in 2008. In oral evidence in 2011, James Murdoch acknowledged this to have been a mistake: "a more forensic look at the specific evidence that had been given to this Committee in 2009 would have been something that we could have done [...] I look back at the reaction to the Committee's Report and think that would be one turning point, if you will, that the company could have taken".<sup>30</sup> He also told us that "you can imagine my own frustration in 2010, when the civil litigation came to a point where these things came out, to suddenly

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27 [Documents.nytimes.com/response-from-news-of-the-world](http://Documents.nytimes.com/response-from-news-of-the-world)

28 Q 1477

29 Q 1483

30 *Ibid.*

realise that the pushback or the denial of the veracity of allegations that had been made earlier, particularly in 2009, had been too strong”.<sup>31</sup> Indeed, as this Report sets out, the conclusions reached by the Committee in 2010 have been vindicated by evidence that started to emerge as a result of civil cases later that year and as a result of our work in 2011. As for its own so-called thorough, independent investigations, in evidence on 10 November 2011, Mr Murdoch asked: “did the company rely on those things for too long? I think it’s clear the company did.”<sup>32</sup>

**29. We stand by the conclusions over phone-hacking in the Committee’s 2010 Report on *Press standards, privacy and libel*. As this Report sets out, those conclusions have been vindicated—and, indeed, reinforced—by evidence which started to emerge because of civil actions later that year, from continued pursuit of the matter by the *Guardian* and other newspapers, and from further disclosures made as a result of our work in 2011. Unlike the results of previous police and Press Complaints Commission inquiries, our conclusions have stood the test of time. It is a matter of great regret, therefore, that so much time elapsed before further action was finally taken by News International and the Metropolitan Police, in particular, to investigate phone-hacking.**

30. Throughout the course of our current investigation, witnesses from News International have made protestations of their willingness to provide assistance to the Committee. On 10 November 2011, James Murdoch, for example, told us that “since the end of 2010, as the company has found things out and discovered the extent of what has been suspected of happening [...] we have sought to be as transparent as the company can be”.<sup>33</sup> It is true that News International has cooperated more fully with our current investigation than it did with our inquiry in 2009, although the standard was hardly very high at that time. We note for example, the willingness of the newly-established Management and Standards Committee to provide the Committee with unsolicited copies of recently unearthed e-mail exchanges that are of relevance to the events under investigation.<sup>34</sup>

31. The most significant evidence received by the Committee—we note in particular Clive Goodman’s letter appealing his dismissal; Tom Crone’s memorandum of May 2008; and Michael Silverleaf QC’s opinion on the Gordon Taylor case—has, however, been provided by other witnesses.<sup>35</sup> Unlike the recently unearthed e-mails, these documents have been in the company’s possession all along. At no point did the company itself provide them or refer to them, either in 2009 or in 2011. In subsequent chapters, we examine the significance of these and other documents, including the recent letter to us from Surrey Police<sup>36</sup> regarding the *News of the World*’s hacking of the phone of murdered teenager Milly Dowler, the revelation which immediately precipitated the closure of the *News of the World* last July.

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31 Q 373

32 Q 1480

33 Q 1657

34 Ev 271

35 Ev 216, Ev 240 and Ev 247

36 Ev 274

**32. Despite the professed willingness of witnesses from News International to assist the Committee, the company has continued to downplay the involvement of its employees in phone-hacking by failing to release to the Committee documents that would have helped to expose the truth.**

33. Other inquiries also faced similar problems with News International's 'aggressive defence'. Despite the 'co-operation' it subsequently professed to have extended to the Metropolitan Police, our 2010 Report documented the reality of its approach—which was described in evidence to us by one of the chief investigating officers as 'robust'.<sup>37</sup> Senior Metropolitan Police officers have since then been less circumspect—to us, the Home Affairs Select Committee and the Leveson inquiry as to how, far from co-operating, the *News of the World* deliberately tried to thwart the police investigation.

34. The Press Complaints Commission has also been a further, major casualty of the phone-hacking affair. In November 2009, following its own review, the self-regulatory body produced a report exonerating the *News of the World* of materially misleading it, while criticising the *Guardian's* reporting. In our 2010 Report, we were critical of the PCC for so doing and its then Chairman, Baroness Buscombe, has since recognised it was not told the truth by the *News of the World*.

35. Both Clive Goodman and Glenn Mulcaire pleaded guilty to the criminal charges and did not, therefore, give evidence in court. To date, no civil claim over phone-hacking has gone to a full trial. In settling the claims, News International's subsidiary News Group Newspapers (NGN) has not only been willing to pay out huge sums of money, but it has also finally had to make some wide-ranging admissions in doing so.

**36. The willingness of News International to sanction huge settlements and damaging, wide-ranging admissions to settle civil claims over phone-hacking before they reach trial reinforces the conclusion of our 2010 Report that the organisation has, above all, wished to buy silence in this affair and to pay to make this problem go away.**

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37 2 Sept 2009, Q1939

## 3 The Goodman and Mulcaire employment claims

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### Clive Goodman's dismissal

37. Clive Goodman, then Royal Editor at the *News of the World*, and Glenn Mulcaire, a private investigator, were arrested in August 2006 on suspicion of illegally intercepting voicemail messages. On 29 November 2006, both Clive Goodman and Glenn Mulcaire pleaded guilty to the charges, brought under section 1(1) of the Criminal Law Act 1977 and section 1(1) Regulation of Investigatory Powers Act 2000. They were convicted and jailed on 26 January 2007.

38. Glenn Mulcaire and Clive Goodman were jointly charged with accessing the voicemails of three employees of the royal household. Glenn Mulcaire alone faced charges of accessing the voicemails of five further people: the publicist Max Clifford, sports agent Skylet Andrew, Professional Footballers' Association Chief Executive Gordon Taylor, politician Simon Hughes MP and model Elle MacPherson. All bar Ms MacPherson, to the knowledge of the Committee, subsequently commenced civil privacy claims and each has been settled out of court. As none of these five individuals was connected to the royal family, none would have been of journalistic interest to Clive Goodman, the newspaper's Royal Editor. As he and Glenn Mulcaire had pleaded guilty, however, neither gave evidence in court so there was no opportunity to test the newspaper and News International's 'one rogue reporter' stance at the time.

39. During the course of our current investigation, solicitors Harbottle & Lewis, who advised News International on the claim, were granted a limited waiver of legal professional privilege by the company as client to co-operate with the Committee. In a letter dated 11 August 2011,<sup>38</sup> they disclosed to us that, on 5 February 2007, Les Hinton, then Executive Chairman of News International, wrote to Clive Goodman terminating his employment with News Group Newspapers and offering him 12 months' base salary. The letter made it clear that this offer was by way of a final settlement and that the company was under no obligation to pay Clive Goodman anything at all. His guilty plea, the letter made clear, was sufficient to 'warrant dismissal without any warnings' and, as for the offer of payment of a year's salary, News International was only proposing to do so in recognition of long service. On 8 February 2007, Clive Goodman's base salary, £90,502.08, was paid.<sup>39</sup> On 2 March 2007 Clive Goodman responded by initiating an appeal against his dismissal on the grounds that his activities had been known about, and supported, by various senior members of staff at the *News of the World*.<sup>40</sup> Specifically, he stated that:

This practice [phone-hacking] was widely discussed in the daily editorial conference, until explicit reference to it was banned by the Editor. The legal manager, Tom Crone, attended virtually every meeting of my legal team and was given full access to

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38 Ev 202

39 Ev 254

40 Ev 202

the Crown Prosecution Service's evidence files. He, and other senior staff of the paper, had long advance knowledge that I would plead guilty.<sup>41</sup>

40. Upon receipt of this letter, Daniel Cloke, Group HR Director, and Jonathan Chapman, Director of Legal Affairs, both at News International, undertook a review of e-mails "with a view to determining whether the individuals specified in Mr Goodman's letter knew about his voicemail interception activities".<sup>42</sup> The review took approximately six weeks to conduct.<sup>43</sup> The e-mails had been retrieved "against specific search terms related to the names of the individuals named in Mr Goodman's letter".<sup>44</sup> The e-mail review was carefully circumscribed, as Jonathan Chapman explained to us: "the parameters for the e-mail review were set by claims made by Mr Goodman in the context of his appeal", and, later, "it was reactive [...] it was quite limited in scope".<sup>45</sup> Daniel Cloke told us that "I believe that we carried out the search carefully and diligently".<sup>46</sup>

41. Colin Myler, who by then had replaced Andy Coulson as the Editor of the *News of the World* in January 2007, and Daniel Cloke then interviewed the individuals mentioned by Clive Goodman.<sup>47</sup> Daniel Cloke told us that "no one, when we spoke to them, admitted any wrongdoing at all".<sup>48</sup> Les Hinton said that he was not directly involved: "I obviously did not look at those e-mails personally but I know that that scrutiny went on and no e-mails that raised any further suspicion were brought to my attention".<sup>49</sup> However, Les Hinton was consulted about the review by Daniel Cloke and was informed of its conclusion.

### The Harbottle & Lewis investigation

42. Daniel Cloke suggested to Jonathan Chapman and subsequently to Les Hinton that an external review of the relevant e-mails "by a law firm or barrister might be a good idea and both readily agreed as did Mr Myler". He told us that "I was concerned that as I was inexperienced in this area and as a result might have missed something, that there be a further and independent review".<sup>50</sup> Thus on Daniel Cloke's suggestion, and with Les Hinton's authorisation, a firm of solicitors specialising in employment law, Harbottle & Lewis, was commissioned to examine the e-mails identified by the initial, internal review. The solicitors' examination was limited to a remote, electronic review of the emails, which were made available to them by means of electronic folders held on the company's computer system.

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41 Ev 202

42 Ev 223 Colin Myler also indicated at one stage that he may have carried out the review (see *Press Standards, Privacy and Libel*, Vol II, Ev 311), but there is no other evidence to support this. It seems that he probably conducted the interviews but not the paper review.

43 Q 656

44 Ev 223

45 Qq 607 and 620

46 Ev 223

47 Ev 223

48 Q 611

49 *Press standards, privacy and libel*, Vol II, Ev 385

50 Ev 223

43. On 10 May 2007, Jonathan Chapman e-mailed Lawrence Abramson, a partner at Harbottle & Lewis, stating that he and Daniel Cloke had gone through internal e-mails in the categories to which Clive Goodman's letter had referred "to find any evidence in such e-mails to support the contentions made by Clive Goodman [...] We found nothing that amounted to reasonable evidence of either of the above contentions [that Clive Goodman's illegal actions were known about and supported by senior staff]". The e-mail goes on to state that:

Because of the bad publicity that could result in an allegation in an employment tribunal that we had covered up potentially damaging evidence found on our e-mail trawl, I would ask that you, or a colleague, carry out an independent review of the e-mails in question and report back to me with any findings of material that could possibly tend to support either of Goodman's contentions.<sup>51</sup>

44. In written evidence, Harbottle & Lewis summed up its understanding of these instructions as follows: "if we reject Clive Goodman's appeal against dismissal and he brings employment tribunal proceedings, what is the risk of him establishing from these e-mails that other people were aware of his phone-hacking activities, or were doing the same thing themselves?"<sup>52</sup> Similarly, Daniel Cloke told us that "the reason why I was anxious to get the e-mails reviewed by a third party was to give us comfort on this employment matter that the review Jon Chapman and I carried out was accurate".<sup>53</sup> Thus the Harbottle & Lewis investigation was no more than a risk mitigation exercise in the event of employment tribunal proceedings.

45. Following a written exchange between the Committee and News International, in 2009, the company's then Chief Executive, Rebekah Brooks, provided a copy of a letter—dated 29 May 2007—from Lawrence Abramson to Jonathan Chapman. The letter, which was quoted and published in the Committee's 2010 report<sup>54</sup> said:

Re Clive Goodman

We have on your instructions reviewed the e-mails to which you have provided access from the accounts of:

Andy Coulson

Stuart Kuttner

Ian Edmonson [*sic*]

Clive Goodman

Neil Wallis

Jules Stenson

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<sup>51</sup> Ev 202

<sup>52</sup> Ev 202

<sup>53</sup> Q 638

<sup>54</sup> *Press standards, privacy and libel*, Vol II, Ev 467

I can confirm that we did not find anything in those e-mails which appeared to us to be reasonable evidence that Clive Goodman's illegal actions were known about and supported by both or either of Andy Coulson, the Editor, and Neil Wallis, the Deputy Editor, and/or that Ian Edmondson, the News Editor, and others were carrying out similar illegal procedures.

Please let me know if we can be of any further assistance.

46. The wording of that letter had been a matter of debate between Lawrence Abramson and Jonathan Chapman. The latter had suggested to Lawrence Abramson that the original wording for the last sentence of the penultimate paragraph should be "having seen a copy of Clive Goodman's notice of appeal of 2 March 2007, we did not find anything that we consider to be directly relevant to the grounds of appeal put forward by him". To this Lawrence Abramson responded: "I can't say the last sentence in the penultimate para, I'm afraid".<sup>55</sup> As may be seen, the original proposed wording was broader and would have given more comfort than the wording eventually agreed upon.

47. Jonathan Chapman told us that there was nothing unusual in the process of negotiating wording:

I am not sure that those outside the hallowed portals of the legal profession will necessarily know this, but when you get a report or an opinion from external counsel, your job is to get it as wide as possible if you are in-house, and their job is to cut it back as far as possible and thus limit their liability subsequently, you might say. There was a normal to-ing and fro-ing, and I would say that, as usual, Mr Abramson won on that one and I lost.<sup>56</sup>

48. The process of negotiating wording may have been a normal one. Nonetheless, the bluntness of the letter from Lawrence Abramson is pronounced and it is difficult to understand why he would have balked at saying that Harbottle & Lewis did not find anything that it considered to be directly relevant to the grounds of appeal put forward by Clive Goodman if that was indeed the case. The terms of reference given to Harbottle & Lewis were narrowly drawn and the findings of that firm were accordingly narrow. Lawrence Abramson would not commit himself to anything more general.

49. Indeed, the evidence is clear that not all of the e-mails examined by Harbottle & Lewis were entirely straightforward. Lawrence Abramson told us that:

There remained somewhere in the order of a dozen e-mails that I had a query about. I therefore spoke to Jon Chapman and discussed these e-mails with him. During the course of that conversation, Jon Chapman explained and I accepted why those e-mails fell outside the scope of what News International Limited [...] had instructed Harbottle & Lewis to consider. In one specific case, Jon Chapman instructed me to look at News' server myself to put the e-mail in its context which I duly did.<sup>57</sup>

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55 Ev 172

56 Q 630

57 Ev 227

50. The matter appears to have been resolved to the satisfaction of those involved at that time. It is notable that Lawrence Abramson only dismissed the e-mails that had been of concern to him on the basis that they “fell outside the scope of what News International Limited [...] had instructed Harbottle & Lewis to consider”. He did not assert that they could or should have been dismissed on any other basis.

51. When the same e-mails were examined by News International’s Group General Manager Will Lewis between April and June 2010 they were not dismissed.<sup>58</sup> Indeed, Will Lewis referred some of the material on to a different law firm, Hickman Rose, which in turn referred the matter to the former Director of Public Prosecutions, Lord Macdonald of River Glaven.<sup>59</sup> Lord Macdonald told the Home Affairs Committee that the file of e-mails that he was handed “was evidence of serious criminal offences. I gave that advice to the News Corp board, and I have to say that it accepted the advice unhesitatingly and instructed that the file should be handed to the police”.<sup>60</sup> He went on to say that “I cannot imagine anyone looking at the file and not seeing evidence of crime on its face”. He also explained that making his assessment had taken him very little time: “about three minutes, maybe five minutes”.<sup>61</sup>

52. Lord Macdonald explained that, because of his role as Director of Public Prosecutions at the time that the original police investigation into phone-hacking had taken place, any material in the e-mails that related to phone-hacking had been withheld from him on his request. The evidence that he referred to the police thus related to criminal matters other than phone-hacking.<sup>62</sup> The e-mails now form part of Operation Elveden. For this reason, and given the police investigation in which a number of arrests have now been made, we have neither had, nor sought access to, the relevant e-mails and are not aware of their contents.

53. Nobody has taken responsibility for the fact that e-mails included in—and disregarded by—the two reviews by Daniel Cloke and Jonathan Chapman and by Harbottle & Lewis have subsequently merited referral to the police. Daniel Cloke suggested that, had there been evidence in the e-mail cache of any wrongdoing that lay outside the scope of the employment dispute, it was for Harbottle & Lewis to have acted: “I would have hoped that if an independent third party had thought that there was definite evidence of criminal activity, that that lawyer would have told us. And that lawyer did not tell us that”.<sup>63</sup> It is possible that this is not the whole truth: Lawrence Abramson told us that he did indeed query some of the e-mails within the sample, but that he was offered reassurance by Daniel Cloke and Jonathan Chapman.

54. Rupert and James Murdoch placed similar emphasis on the importance of the role played by Harbottle & Lewis. Rupert Murdoch claimed that the firm had been engaged “to

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58 Q 329

59 Home Affairs Committee, *Unauthorised tapping into or hacking of mobile communications*, Thirteenth Report of Session 2010-12, HC 907, Q 1003 (hereafter ‘Home Affairs Committee’)

60 Home Affairs Committee, Q 1010

61 Home Affairs Committee, Qq 1016 and 1059

62 Home Affairs Committee, Q 1020

63 Q 645



find out what the hell was going on”.<sup>64</sup> James Murdoch claimed that the letter from Harbottle & Lewis “is a key bit of outside legal advice from senior counsel that was provided to the company, and the company rested on it”.<sup>65</sup> Indeed, he claims that the Harbottle & Lewis letter “was one of the pillars of the environment around the place that led the company to believe that all of these things were a matter of the past and that new allegations could be denied”.<sup>66</sup>

55. The letter sent by Harbottle & Lewis to News International at the conclusion of the review is, however, tightly worded and does not suggest the granting of a clean bill of health. It does not draw any conclusions about the existence, or otherwise, of evidence of any form of criminal activity other than phone-hacking. Daniel Cloke was quick to note that the review was never intended to range more widely than the parameters set by Clive Goodman’s letter: “if there had been a more wide-ranging inquiry [...] frankly, I would not have been involved in it, because I do not have those investigative skills”.<sup>67</sup> Jonathan Chapman told us that “I think that Mr Murdoch did not have his facts right when he [blamed Harbottle & Lewis...]. I do not think he had been briefed properly”.<sup>68</sup> Harbottle & Lewis, indeed, defended itself vigorously against claims that it should have taken action as a result of its review, stating that “there was absolutely no question of the Firm being asked to provide News International with a clean bill of health which it could deploy years later in wholly different contexts for wholly different purposes”.<sup>69</sup> Taken literally, this is correct: Harbottle & Lewis was asked to investigate a specific matter and drew its conclusions accordingly.

56. Rupert Murdoch suggested that Jonathan Chapman had been negligent in failing to act on the basis of the information uncovered during the e-mail review. He told us that “Mr Chapman, who was in charge of this, has left us. He had that [e-mail cache] for a number of years. It wasn’t until Mr Lewis looked at it carefully that we immediately said, ‘We must get legal advice, see how we go to the police with this and how we should present it’”.<sup>70</sup> In response to this Jonathan Chapman told us that “we came to the conclusion, having carried out that exercise carefully and taken quite a long time on it, that there was nothing there that indicated reasonable evidence of the matters that we were looking for, which was knowledge of, or complicity, in voicemail interception”.<sup>71</sup> He then went on to say:

In terms of other illegal activities, I am well aware that Lord Macdonald mentioned stuff to the Home Affairs Select Committee in July. What I can say on that is that I have no recollection of specific e-mails at the time that would have led me to that conclusion, but I am at a disadvantage, of course, because he has seen those e-mails

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64 Q 366

65 Q 346

66 *Ibid.*

67 Q 640

68 Q 728

69 Ev 202 (para 8 but see paras 6-13 in their entirety for further detail)

70 Q 365

71 Q 594

and I haven't seen anything subsequently. If I were to look at those again, I could give my reaction, but I cannot recollect specific e-mails that led me to that conclusion.<sup>72</sup>

When questioned further, Jonathan Chapman reiterated that "to my recollection, as we sit here today, there was nothing that gave me cause for concern or that needed to be escalated".<sup>73</sup>

57. The accounts given by Jonathan Chapman and Daniel Cloke explaining why they took no further action in relation to the e-mails they reviewed are rendered less credible by Lord Macdonald's statement that the criminal activity that he found in the e-mails was obvious to anybody. Since we are unable to view the e-mails for ourselves, we are not in a position to adjudicate. We note, however, that there was sufficient doubt about the content of some of the e-mails examined for Lawrence Abramson to need reassurance on them from Jonathan Chapman. In this context, we are astonished that neither Jonathan Chapman nor Daniel Cloke appear to have referred those e-mails anywhere else. We were particularly surprised that their certainty about these e-mails was such that they did not consult anyone with expertise in the criminal law to set their minds at rest. When we asked them about this, Daniel Cloke did not directly answer the question, even though it was put to him three times. Instead, he replied that the steps that the pair had taken "gave me comfort as an HR director that we had covered all the bases and done the proper thing in terms of investigating these claims, bearing in mind that this was an employment dispute".<sup>74</sup> In other words, Jonathan Chapman and Daniel Cloke were not willing to consider any matters that came to their attention that were not directly related to Clive Goodman's employment claim.

58. Our exchanges on the subject of the Harbottle & Lewis investigation provide an instructive insight into the approach taken by executives at News International to providing evidence to the Committee. On the one hand, senior executives have been quick to point out that they had no involvement. When asked about the Clive Goodman settlement, for example, James Murdoch stated that "first, I do not have first-hand knowledge of those times. Remember that my involvement in these matters started in 2008. In 2007, up until December, I was wholly focused in my role as chief executive of a public company. I was not involved in those things".<sup>75</sup> Similarly, in written evidence about the Clive Goodman settlement, Rebekah Brooks did not herself personally endorse the account that she was giving to the Committee but instead explicitly inserted text drafted by Jonathan Chapman into her letter.<sup>76</sup>

59. Thus senior executives have both denied responsibility for the conduct of the e-mail reviews, but on the other hand have been quick to rely on them when it has suited them to do so. As Jonathan Chapman told us:

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72 Q 595

73 Q 599

74 Q 640. See also Qq 637-639

75 Q 288

76 Ev 231

I do not think any of them would have direct knowledge of it, because Rebekah Brooks was an editor at the time, Mr James Murdoch was out of the country doing other things and Mr Rupert Murdoch was in the States, so to the extent only that Mr Hinton told him what was going on; there would be no real knowledge of that process. That is why I found it strange that they were very definitive about what had happened, and what its [the Harbottle & Lewis review] parameters were and so on.<sup>77</sup>

60. News International repeatedly made misleading and exaggerated claims regarding the ‘investigations’ it had purportedly commissioned following the arrests of Clive Goodman and Glenn Mulcaire. As with the Harbottle & Lewis review, this conclusion applies similarly to the earlier engagement of solicitors Burton Copeland in August, 2006. On 30 August 2011, Burton Copeland wrote to the Committee, clarifying that their role was to respond to requests for information from the Metropolitan Police. ‘BCL was not instructed to carry out an investigation into ‘phone hacking’ at the *News of the World*,” the firm wrote.<sup>78</sup> Prior to that, on 22 July 2011, Linklaters—the solicitors acting for News Corporation’s Management and Standards Committee—also wrote to disown evidence given by Colin Myler and Tom Crone in 2009 that Burton Copeland undertook an investigation into wrongdoing at the paper.<sup>79</sup> Throughout this affair, senior *News of the World* and News International executives have tried to have it both ways. They have been quick to point to ‘investigations’ which supposedly cleared the newspaper of wider wrongdoing, but have also distanced themselves from the detail when it suited them.

61. The account we have heard of News International’s internal e-mail review and the second review, conducted by Harbottle & Lewis, is unedifying. It is clear that the e-mails examined did not exonerate company employees from all suspicion of possible criminal wrongdoing, possibly not even from phone-hacking. It is probable that all those who reviewed the e-mails will have been aware that this was the case. Indeed, if the content of the e-mails had exonerated News International employees entirely, it is doubtful that Daniel Cloke and Jonathan Chapman would have seen the need to refer the matter to a firm of external lawyers at all. Doing so can only be seen as an exercise in self-protection. The fact that Jonathan Chapman drew up such narrow terms for the Harbottle & Lewis review strongly suggests that he was deliberately turning a blind eye to e-mails that he did not want to investigate further. In keeping his conclusions about the e-mails strictly within the narrow scope of his investigation, Lawrence Abramson was undoubtedly simply doing his job as a lawyer. Indeed, he seems to have made some effort to alert News International to problems that he uncovered. If either Jonathan Chapman or Daniel Cloke had raised the alarm internally, instead of sticking so rigidly to the terms of the reviews, it is conceivable that criminal activity would have been exposed and stopped far earlier. The fact that they were only looking for evidence that supported Clive Goodman’s specific assertions is not an excuse for dismissing evidence of anything else.

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77 Q 710

78 Ev 228

79 Ev 228

62. Senior executives at News International undoubtedly extolled the thoroughness of the reviews rather too fervently. It was certainly expedient for them to rely upon the apparently positive outcomes of the reviews in giving evidence to the Committee. Senior executives were clearly aware that the reviews proved less than they were claiming for them and that the assertions that they made to the Committee were the result of a deliberate strategy to exaggerate evidence in support of the company's innocence.

### **The decision to settle Clive Goodman's claim**

63. In the context of the unprompted offer of a year's salary and his criminal conviction leading to dismissal for gross misconduct, Clive Goodman's claim for unfair dismissal is startling. Indeed, on 6 September 2011, Colin Myler told us several times that he had been very surprised that the Company had any obligation to hear Clive Goodman's appeal: "I felt it was a pretty extraordinary sequence of events that a man who had pleaded guilty and served a prison sentence then had the opportunity to appeal against his dismissal".<sup>80</sup> We have sought to understand why News International should have settled the claim under such circumstances, unless it felt that it had something to hide that it would not want to be aired at a tribunal.

64. News International has repeatedly denied that the payments made to Clive Goodman compromise the company in any way. Witnesses have consistently argued that the decision to settle his employment claim was made for pragmatic, commercial reasons. Jonathan Chapman did not think that this was surprising in a commercial context, telling us that "many companies, particularly big companies, pay out on employment claims of little or no merit for pragmatic reasons, because they do not want stuff to be raked up. Even if allegations that are unfounded are made in the context of a tribunal, those who wish to believe those allegations will believe them".<sup>81</sup> This is true: clearly, companies will often settle employment claims before they reach tribunal to avoid embarrassing publicity and the cost of litigation, which is not recovered in employment cases. Even where there has been a criminal conviction, there remains the risk that procedural errors might render a dismissal unfair.

65. Jonathan Chapman categorically denied that the company had anything to hide, repeating the claim that the company had investigated the claims being made by Clive Goodman and had found them to be baseless: "we had carried out an e-mail review and a number of executives had been interviewed by Mr Cloke and Mr Myler".<sup>82</sup> In October, Les Hinton told us that: "I decided at the time that the right thing to do was to settle this and get it behind us".<sup>83</sup>

66. **When Clive Goodman was dismissed in February 2007, Les Hinton made it clear that the company was not obliged to pay him anything, but was offering him a year's salary in recognition of long service and the needs of his family. The decision to settle**

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80 Q 1023

81 Q 669

82 Q 671

83 Q 1327

Clive Goodman's employment claim is at variance with the terms of this letter but has, nonetheless, been presented to us as a pragmatic, commercial decision. We recognise the legal precedents and accept that News International was acting within accepted commercial norms by settling before the case reached tribunal in order to avoid litigation costs and reputational damage. Despite the legal precedents, however, we are astonished that a man convicted of a criminal offence during the course of his work should be successful in his attempt to seek compensation for his perfectly-proper dismissal. Illegally accessing voicemails is wrong and News International should have been willing to stand up in an employment tribunal and say so.

67. In the rush to "get it behind us", News International neglected to go further than the narrow confines of the due diligence exercise it had commissioned in response to Clive Goodman's employment claim. Ironically, by not taking Clive Goodman more seriously, the company ensured that, far from being put behind them, the matters that Clive Goodman raised in his appeal were left to fester untreated. The reputational damage is by now far worse than it would have been had the company acted on Clive Goodman's warning early in 2007.

### Amounts and authorisation

68. The amounts paid to Clive Goodman did not stop at a year's salary. In fact, he was paid a total of £243,502.08 by News International from the time of his arrest in August 2006 until the conclusion of his claims. In a letter of 11 August 2011—the same date as the disclosures by Harbottle & Lewis and a full two years after the Committee first sought to get to the bottom of what pay-offs were made to Clive Goodman—James Murdoch told us:

I am informed that Mr Goodman was paid £90,502.08 in April 2007 and £153,000 (£13,000 of which was to pay for his legal fees) between October and December 2007. The first payment was approved by Mr Daniel Cloke, Director of Human Resources for News International. The second was approved by Mr Cloke and Mr Jon Chapman, Director of Legal Affairs for News International. These payments were in the context of an unfair dismissal claim brought by Mr Goodman.<sup>84</sup>

69. The second payment of £153,000 was broken down by Jonathan Chapman as, approximately, £90,000 notice; £40,000 compensation; and £13,000 legal expenses.<sup>85</sup> The total amount of the payments made to Clive Goodman came as a surprise to the Committee, which in 2009 had been left with the impression that the amount was much smaller. This is important because any suggestion that the Committee was deliberately given the impression that the payment totalled less than was actually paid to Mr Goodman would tend to lend weight to the argument that News International had something to cover up; had paid Clive Goodman to remain silent; and had concealed information about the payments from the Committee and others to prevent this being known.

70. In a letter dated 4 November 2009, which was marked confidential at the time but has been published with this Report, Rebekah Brooks cited Jonathan Chapman as saying:

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<sup>84</sup> Ev 172. Subsequent evidence from Linklaters (Ev 254) to the Committee points out that the payment of £90,502.08 was made to Clive Goodman on 8 February 2007 but only passed through the payroll in April 2007.

<sup>85</sup> Q 671

Pursuant to the agreement, Mr Goodman was paid his notice and an agreed amount representing a possible compensatory award at tribunal (which was some way below the then £60,600 limit on such awards). It should be noted that, as a matter of policy, News International companies tend always to pay notice, even in cases of summary dismissal (which is not unusual).<sup>86</sup>

71. In the counter-intuitive circumstances of Clive Goodman being successful at an employment tribunal, despite his conviction, any statutory compensation award would have been made in addition to any contractual pay entitlement. Legal fees apart, therefore, the £153,000 pay-off made to Clive Goodman in the autumn of 2007 is, strictly speaking, not at variance with the careful wording in Rebekah Brooks' 2009 letter to the Committee.<sup>87</sup> That letter failed, however, to make explicit the terms of the payment, in particular the fact that "his notice" here meant a year's salary.

72. We accept that Rebekah Brooks' letter to the Committee of November 2009 was accurate in stating that the amount of compensation paid to Clive Goodman (£40,000) fell below the statutory limit of £60,600 on such awards. The answer that she and Jonathan Chapman gave the Committee in that letter was, however, incomplete because it did not specify the significant amount of money paid to Clive Goodman by way of "notice" (£90,000), nor that he had already separately been paid £90,500 when he was first notified about his dismissal. Such incompleteness is either the result of an attempt to play down the settlement, or of ignorance about the full extent of the payments or both. None of these scenarios casts Rebekah Brooks and Jonathan Chapman in a positive light: either they should have been more frank or else they should have been better informed.

73. The discretionary payment of a year's salary, £90,500, made in early 2007, was not accounted for in the November 2009 letter. We have sought to ascertain whether this amount was deliberately concealed, or was simply not known about within the company. James Murdoch's written evidence asserts that Daniel Cloke authorised the first payment of £90,502.08, made in February 2007. Daniel Cloke's oral evidence on 6 September 2011 contradicted this: "in terms of the first £90,000, I was not even aware that that had been paid, because the letter was—I think—in February, and I did not know of any of this until the appeal process came".<sup>88</sup> It is clear that the payment was made at Les Hinton's suggestion. In oral evidence Jonathan Chapman stated that: "Mr Hinton asked me to help him with that letter [of 5 February 2007]. He indicated that he was going to pay 12 months' salary, and he said that he wanted to do it on compassionate grounds because of Mr Goodman's family situation".<sup>89</sup> He emphasised Les Hinton's responsibility for the decision to make the payment in the answers to several subsequent questions, for example: "It was

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<sup>86</sup> Ev 231. The statutory cap on compensatory awards by an Employment Tribunal for unfair dismissal stood at £60,600 in 2007, and has increased after annual review to £63,000 in 2008, £66,200 in 2009, £65,300 in 2010 and £68,400 in 2011.

<sup>87</sup> *Press standards, privacy and libel*, Vol II, Ev 464

<sup>88</sup> Q 687

<sup>89</sup> Q 662

not me agreeing to that, it was not me having a say on that finally. It was Mr Hinton”.<sup>90</sup> Les Hinton agreed: “I made that decision myself”.<sup>91</sup>

74. We did not find any evidence to disprove the account that the only people involved in the decision-making chain that led to the payment of £90,502.08 to Clive Goodman in February 2007, as part of his dismissal terms, were Les Hinton, who suggested the payment; Jonathan Chapman, who assisted in the drafting of the letter to Clive Goodman; and Daniel Cloke, who authorised the payment when it was made. The evidence suggests that Les Hinton also authorised the £153,000 settlement to Clive Goodman, paid out between October and December 2007. In 2009, he himself stated that “putting aside signatures, I would take responsibility for a payment such as that”.<sup>92</sup> In written evidence Daniel Cloke described the authorisation process for the payment:

As is usual in contentious employment cases, Mr Chapman as Director of Legal Affairs to the Company assessed the matter to make a recommendation as to whether to settle or try to defend the case. [...] Mr Chapman made the recommendation (with which I agreed) to try to settle the case on reasonable grounds which after negotiation with Mr Goodman’s lawyers was approved by Les Hinton.<sup>93</sup>

75. This account is supported by the November 2009 letter from Rebekah Brooks to the Committee, which states that “Les Hinton [...] authorised the settlement with, and payment to, Clive Goodman, following discussions with Jon Chapman and Daniel Cloke”.<sup>94</sup> Thus it is clear that Les Hinton authorised both of the payments made to Clive Goodman, and so will have been aware that they totalled around £1/4 million.

76. When Les Hinton gave evidence to the Committee, for the second time, on 15 September 2009, he made it clear he was under instructions from News International not to discuss the settlement with Clive Goodman (and with Glenn Mulcaire, to which we turn later in this chapter), on the grounds that they were confidential.<sup>95</sup> Nonetheless, he certainly played down his role in relation to them: “I ended up being advised that we should settle with [Clive Goodman and Glenn Mulcaire] and I authorised those settlements”; and again: “the employment law was complicated and I was told that we should settle and I agreed to do it”.<sup>96</sup> It is clear that both Jonathan Chapman and Daniel Cloke had a role in the process by which the amounts were arrived at, although Jonathan Chapman has sought to distance himself from the earlier payment, made in April 2007: “The £90,000, I have to leave to Daniel or Mr Hinton to explain, because that was outside my brief and I don’t really have any recollection of how that fitted into it. It is not part of the settlement—the £90,000”.<sup>97</sup> He later described that first payment as “gratuitous”.<sup>98</sup> This

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90 Q 676

91 Q 1323

92 *Press standards, privacy and libel*, Vol II, Ev 393

93 Ev 223. See also Daniel Cloke’s answer to Q 689

94 Ev 231

95 *Press standards, privacy and libel*, Vol II, Q 2126

96 *Press standards, privacy and libel*, Vol II, Qq 2126 and 2127. Ev 387

97 Q 670

is not the description that he would have given had the payments been made on the basis of his advice. Jonathan Chapman's evidence suggests that Les Hinton's role was far more directive than he had led us to believe in 2009.

77. As well as downplaying his role, in evidence in 2009, Les Hinton also appeared to lose much of his memory, certainly as far as Clive Goodman was concerned:

Well there were employment-related payments made to them. Even though I have been told not to relay the information, I do not remember it except that in the case of Glenn Mulcaire it had reached some point of employment tribunal proceedings but I ended up being advised that we should settle with them and I authorised those settlements.<sup>99</sup>

78. Whilst citing the involvement of Daniel Cloke and Jonathan Chapman in the process, when pressed as to who precisely had given him the advice to settle with Clive Goodman on employment grounds, Les Hinton went on to say:

You know what, there were several senior people, and I cannot remember. Nor can I remember the particular legal people. There were people who gave me the advice and I cannot remember who they were.<sup>100</sup>

79. On 24 October 2011, on his third appearance following the disclosures of the Clive Goodman payments and correspondence, Les Hinton's memory was—in some respects, at least—distinctly sharper:

Chair: you decided that he should receive one year's salary payment of £90,000, and you authorized that payment.

Les Hinton: I did.<sup>101</sup>

Chair: So you paid him in essence, two years' notice, or one year's notice twice over?

Les Hinton: We paid him a year's salary, and we paid him the £90,000 of notice in relation to his appeal, yes.<sup>102</sup>

80. Asked to explain the double payment, however, Les Hinton's memory again began to fail him: 'I can't recall exactly what the process was of those payments, Chairman, but what I can say is that, in my mind and, I think, in others' minds, the matter of my having given Clive Goodman a year's salary and the subsequent appeal were treated separately'.<sup>103</sup> He did not specify who the 'others' allegedly were.

81. Tom Crone was also certainly aware that payments had been made to Clive Goodman, though not necessarily the full amount. This is clear from the evidence he gave on 21 July 2009. Under persistent questioning, he first categorically denied knowledge of any

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98 Q 674

99 *Press standards, privacy and libel*, Vol II, Q 2126

100 *Press standards, privacy and libel*, Vol II, Q 2206

101 Q 1322

102 Q 1331

103 Q 1324



payment, then cited misunderstanding and ‘confusion’ about the question, before finally admitting the newspaper group ‘may have’ made a payment.<sup>104</sup> While Tom Crone was evasive, and plainly reluctant to make the admission, from the same evidence session it seemed clear to us that Colin Myler did not know, even though he was aware that Clive Goodman had lodged an appeal against dismissal. Repeatedly Colin Myler said he was not aware<sup>105</sup> and Tom Crone’s eventual admission appeared to Committee members to come as a complete surprise to the *News of the World*’s editor:

Paul Farrelly: Would you clarify that [payments to Clive Goodman] to us?

Mr Crone: I am not absolutely certain, but I have a feeling there may have been a payment of some sort.

Mr Myler [turning to Mr Crone]: With?

Mr Crone: Clive Goodman.

Mr Myler: I would have to check.<sup>106</sup>

82. In subsequent written evidence, nonetheless, Colin Myler backtracked as to his lack of knowledge. In a letter dated 4 August 2009,<sup>107</sup> he wrote: ‘I and Tom Crone were broadly aware of the claims and the fact that they were settled, but not of the terms of the settlement.’ This was clearly an attempt to salvage something of the united front which had cracked in oral evidence—and typifies the initial, closing ranks approach of the *News of the World* and News International in dealing with questions about phone-hacking affair and its aftermath.

83. It is not clear the extent to which either of the Murdochs were made aware of either of the payments to Clive Goodman. When asked whether Les Hinton had referred the matter to either of the Murdochs, Daniel Cloke answered, “Not to my knowledge, no, I am not aware of the conversations that Les Hinton might have had with those two gentlemen”.<sup>108</sup> In 2009, Les Hinton was asked what Rupert Murdoch thought about the “Clive Goodman case” and answered that “he was very concerned about it”.<sup>109</sup> He did not, however, state whether Rupert Murdoch had been made specifically aware of the financial settlement arising from the case. The oral evidence given by Rupert and James Murdoch on 19 July 2011 would tend to suggest that they had not been—Rupert Murdoch because he has no involvement in his companies at that level and James Murdoch because it predated his arrival at News International.<sup>110</sup> James Murdoch, for example, told us in a variety of different ways that “I do not have any direct knowledge of the specific legal arrangements with Mr Goodman in 2007, so I cannot answer the specifics of that question”.<sup>111</sup>

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104 *Press standards, privacy and libel*, Vol II, Qq 1416, 1531, 1532 and 1534-36

105 *Press standards, privacy and libel*, Vol II, Qq 1416, 1531 and 1533

106 *Press standards, privacy and libel*, Vol II, Q 1537

107 *Press standards, privacy and libel*, Vol II, Ev 321

108 Q 600

109 *Press standards, privacy and libel*, Vol II, Ev 390

110 Qq 289-301

111 Q 291

84. The total amount paid to Clive Goodman is extraordinary when one considers that he had been convicted of a criminal offence and that his actions had helped stain the reputation of the company. The double payment of a year's salary was, by any standards, 'over-generous' and it is impossible, therefore, not to question the company's motives. The pay-offs to a convicted criminal hardly reflect well on Les Hinton, who had authority over both payments. When questioned about them in 2009 he was startlingly vague and—inexcusably—sought to portray his role as a passive one, simply following the advice given to him by his subordinates. The evidence we took in 2011 suggests that he not only authorised the payments, but took the decision to make them in the first place. Furthermore, he was responsible for the double payment of Clive Goodman's notice and, his 'selective amnesia' notwithstanding, he would have been perfectly well aware of what he had done. We consider, therefore, that Les Hinton misled the Committee in 2009 regarding the extent of the pay-off to Clive Goodman and his own role in making it happen.

85. The testimony regarding the payments to Clive Goodman is not the only evidence from Les Hinton which we find unsatisfactory. He first appeared before the Committee on 6 March 2007, precisely four days after Clive Goodman's letter alleging widespread involvement in phone hacking, which was copied to him.<sup>112</sup> Whether or not Les Hinton had seen this letter before his appearance in 2007, he certainly had by the time he did so on 15 September 2009 when he said: 'There was never firm evidence provided or suspicion provided that I am aware of that implicated anybody else other than Clive within the staff of the *News of the World*. It just did not happen'.<sup>113</sup> This was not true. Clive Goodman had certainly provided 'suspicion' of wider involvement, but Les Hinton failed to mention it to the Committee.<sup>114</sup> At no stage did Les Hinton seek to correct the record, even when invited by the Committee to do so. We consider, therefore, that Les Hinton was complicit in the cover-up at News International, which included making misleading statements and giving a misleading picture to this Committee.

86. When the predecessor Committee published its Report on *Press standards, privacy and libel* in 2010, it did not know the amount of News International's settlement with Clive Goodman but was left with the "strong impression that silence has been bought".<sup>115</sup> We have subsequently learnt that News International paid Clive Goodman a total of £243,502.08 from the time of his arrest in August 2006. The size of the pay-off serves to confirm our view that it was used to buy Clive Goodman's silence.

87. It was only on 11 August 2011, in the letter to us from James Murdoch,<sup>116</sup> that News International finally came clean about the extent of the pay-offs to Clive Goodman. Up until then, the evidence given by News International executives had been vague and at times incomplete, often for the stated reason that the person being asked was not the person ultimately responsible. In the case of the vague answers given by the Murdochs

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112 Culture Media and Sport Committee, *Self regulation of the press*, Seventh Report of session 2006-07, HC 375, Ev 32

113 *Press standards, privacy and libel*, Vol II, Q 2168

114 Q 1341

115 *Press standards, privacy and libel*, para 449

116 Ev 172

on 19 July 2011, we would have thought that they could have anticipated the line of questioning simply by reading the transcripts from the Committee's evidence sessions in 2009. It is not a sufficient excuse that Les Hinton authorised the payments and has since left for the United States. Personnel changes are commonplace and we would be very surprised if News International did not keep records of its financial decisions.

### *Legal fees*

88. Approximately £13,000 of the £153,000 settlement with Clive Goodman comprised a payment to cover his legal fees. In 2009, Les Hinton told us that this was not unusual: "when employees get into difficulty it is not unusual for them to be indemnified by the company that employs them and for their legal fees to be paid".<sup>117</sup> This is true: an employer has to indemnify his employee against claims made against him for acts done by him in the course of the employment. By extension, it could be said that there is a duty on the employer to stand behind the employee and assist him in his defence in such circumstances. It is unusual for an employer to pay the legal fees of an employee facing a criminal charge, but this is because most criminal charges apply to acts committed outside the scope of an employment. In Clive Goodman's case, however, the criminal act involved him carrying out his job in an illegal manner. In that case, it would not necessarily have been improper or particularly surprising for News International to have paid his legal fees, and—however distasteful it may seem in retrospect—it certainly does not imply complicity by itself in the criminal act of phone-hacking.

89. The settlement with Clive Goodman, including the element to cover his legal fees, was authorised by Les Hinton in 2007.<sup>118</sup> However, when asked in 2009 whether or not News International had paid Clive Goodman's legal fees, Les Hinton answered "I absolutely do not know. I do not know whether we did or not".<sup>119</sup> When he was asked if he knew who would have authorised such a payment he answered: "I would guess the Director of Human Resources but I do not know".<sup>120</sup> When questioned in 2011 about the discrepancy between his 2009 answer and the fact that he authorised the payment of the fees, he said: "if I had been sure at the time, I would have told you".<sup>121</sup>

90. When asked about who would have authorised the payment of Clive Goodman's legal fees, Tom Crone answered that "Les Hinton was the chief executive at the time. I would imagine that he would have authorised it".<sup>122</sup> When pressed, he said that "I've answered. Les Hinton. It's possible that Andy Coulson could have done it, as the editor at the time", and later "I am certain that Andy Coulson knew that and I am fairly sure that Les Hinton knew, but I can't be absolutely certain".<sup>123</sup> We have been unable to ask Andy Coulson for his account of the payments made to Clive Goodman, so as not to impede ongoing police proceedings and can, therefore, draw no conclusion about his involvement.

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<sup>117</sup> *Press standards, privacy and libel*, Vol II, Ev 386

<sup>118</sup> Ev 231

<sup>119</sup> *Press standards, privacy and libel*, Vol II, Ev 386

<sup>120</sup> *Ibid.*

<sup>121</sup> Q 1384

<sup>122</sup> Q 941

<sup>123</sup> Qq 944 and 949

91. We accept that, however distasteful it may seem, there was nothing inherently sinister about News International paying Clive Goodman's legal fees in respect of the criminal charges he faced. Now that we are certain that he authorised the payment, however, we are distinctly unimpressed by Les Hinton's 2009 assertion that he did not know whether or not the company had paid those fees. Declarations of ignorance or amnesia do not assist News International in its bid to convince the Committee, and the wider public, that it had nothing to hide. If it was legitimate to have paid Clive Goodman's legal fees, the company would have been better advised to admit to having done so. Again, we consider that Les Hinton's unwillingness to be explicit over the payment of legal fees was a deliberate effort to mislead the Committee over News International's payments to Clive Goodman after he was charged and convicted.

### Clive Goodman's prospects for re-employment

92. Far from expecting to be dismissed, his appeal against his dismissal suggests that Clive Goodman may have hoped to have been given a job by News International once he had served his sentence, as "a sub-editor, a book filleter or in such a capacity".<sup>124</sup> In oral evidence on 6 September 2011, Tom Crone stated that, between Clive Goodman's arrest and his conviction, Clive Goodman:

was quite pessimistic, depressed and worried about his family for obvious reasons and his future. Now, I was able to say to him, 'Andy Coulson is hoping that he can find a way that you can come back to the company. It is not absolutely certain that you are going to lose your job over this [...] Once you have served whatever sentence—if there is a sentence—is going to be imposed upon you.'<sup>125</sup>

93. Tom Crone was not sure whether Andy Coulson had raised the matter with Les Hinton, though he remembered Andy Coulson saying that "I'm hoping I'll be able to persuade Les".<sup>126</sup> He also said that, when he had been shown a draft of the letter sent by Les Hinton to Clive Goodman on 5 February 2007, in which Clive Goodman was summarily dismissed, in the light of his earlier conversations with him, "I was very annoyed".<sup>127</sup>

94. When we asked Les Hinton about whether he had considered giving Clive Goodman his job back after his conviction, he said: "No. I dismissed him for gross misconduct, so of course not".<sup>128</sup> Once again, we have been unable to ask Andy Coulson about the veracity of Tom Crone's account because of ongoing police proceedings.

95. Tom Crone's account provides an intriguing insight into the culture at the *News of the World*. Evidence given to the Committee points to a culture of mutual protection within the newsroom at the *News of the World*. Jonathan Chapman told us that:

I have noted that on the editorial side at News International, there has certainly always been more of a feeling of family compassion and humanitarian stuff, which,

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124 Q 756

125 *Ibid.*

126 Q 761

127 Q 757

128 Q 1399

as a person on the commercial side at News International, I am not sure that I would enjoy. I do not think that there is anything sinister in that; I just think there is quite a big feeling of family on newspapers. When someone messes up badly and commits a crime, I think there was also a feeling that, yes, they have done a terrible wrong, but their family should not suffer. I am not sure that applies through the business to the rather newer commercial side at News International.<sup>129</sup>

### **Confidentiality**

96. Clive Goodman's financial settlement contained a confidentiality clause. We were interested to find out whether the confidentiality requirement had any impact on the size of the payment. When we asked Jonathan Chapman about this, he told us that:

After some discussion with Mr Goodman's lawyers, a proposed settlement was reached which was approved by Les Hinton and Daniel Cloke, our Director of Human Resources. This was then embodied in a compromise agreement. This is a type of settlement agreement required to be used in employment cases and which complies with the specific requirements of section 203 of the Employment Rights Act 1996. In this case, we used a standard-form News International compromise agreement and only minor changes were made to it. In particular, there was nothing tailored specifically to Mr Goodman's possible future activities.<sup>130</sup>

97. Les Hinton believed that the decision to include a compromise agreement in the settlement had been "mutual".<sup>131</sup> As set out above, one of the considerations in making the settlement without going to tribunal was the desire to avoid allegations made by Clive Goodman being aired in the public domain. This rationale is not unusual in a commercial context and could apply whether or not News International believed the allegations in question to be true. Thus it could be argued that confidentiality was inherently a factor in the settlement. How significant other factors may have been is unclear. The statutory cap on awards by an employment tribunal for unfair dismissal, for example, does not apply where the claim is based on discrimination or the making of a protected disclosure, otherwise known as "whistleblowing". We have received no evidence, however, that Clive Goodman was claiming whistleblower status.

98. Regarding the principal reason for confidentiality in the Goodman settlement—making sure his allegations were not aired in public—in 2009 Les Hinton continued to maintain News International's standard line, telling us: "I cannot actually see what silence there was left because these chaps had been through months of police interrogation, months of investigation, they were taken before the court and I do not know what silence there was. There was a court hearing, there was a rigorous police enquiry; I am not sure what silence you are talking about."<sup>132</sup> In fact, Les Hinton had no basis on which to say this. There was no public cross-examination in court, nor any thorough investigation by the company into

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129 Q 701

130 *Press standards, privacy and libel*, Vol II, Ev 464-465

131 *Press standards, privacy and libel*, Vol II, Ev 388

132 Ev 387, Q 2132

wrongdoing. By settling with Clive Goodman, with a confidentiality clause included, News International had ensured that its public stance would not be openly contradicted.

### The settlement with Glenn Mulcaire

99. Neither Clive Goodman nor Glenn Mulcaire has co-operated with this Committee, nor has News International provided us with copies of the settlement or compromise agreements, including the clauses relating to confidentiality. Clive Goodman told us that he wanted to put the affair behind him and, through an intermediary, we understood that Glenn Mulcaire was concerned that saying anything to the Committee might prejudice an indemnity he had been given by the newspaper group, which protected him from civil action by phone hacking victims. The existence of an indemnity was alluded to in questioning of Les Hinton in 2009, but he refused to confirm or discuss it.<sup>133</sup> In evidence, Les Hinton, Tom Crone and Colin Myler were open, however, in confirming that a settlement had been reached with Glenn Mulcaire after he, too, had threatened to take the organisation to an employment tribunal. They did not, however, reveal details.

100. When they appeared before us on 19 July 2011, Rupert and James Murdoch were asked about the indemnity to Glenn Mulcaire and alleged payment of his legal fees. During questioning, James Murdoch publicly confirmed—for the first time—payment of Glenn Mulcaire’s legal fees, and Rupert Murdoch said he would put a stop to the arrangement “if it is not in breach of a legal contract”.<sup>134</sup> A halt was, in any event, called immediately after their appearance at the Committee, following which Glenn Mulcaire sued News Group Newspapers for breach of contract. Thanks to this questioning, Rupert Murdoch’s follow-up action and Glenn Mulcaire’s lawsuit, we do now have details of the settlements the group reached with the private investigator, including the agreements regarding confidentiality. These are contained in a judgment delivered in the High Court on 21 December 2011,<sup>135</sup> which upheld Glenn Mulcaire’s case and ordered the company to adhere to the terms of the indemnity. The judgment discloses that Glenn Mulcaire was given an indemnity on 28 January 2010 in a letter from Farrer & Co in respect of the costs of opposing a court order to name those who had instructed him to target and hack into the phone of Max Clifford.

101. Following further civil claims in 2010 by the interior designer Kelly Hoppen, by Skylet Andrew and by Nicola Philips, then a colleague of Max Clifford’s, Glenn Mulcaire sought confirmation that NGN would meet the costs of defending these claims, too. The indemnity was duly given by Julian Pike of Farrer & Co in a letter dated 29 June 2010. It was the second indemnity given by NGN to Glenn Mulcaire; the first was in relation to the civil claim by Gordon Taylor in 2007, the judgment says. Under its terms, NGN agreed to meet Glenn Mulcaire’s legal costs and any damages awarded against him, provided that he kept NGN fully informed and did not publicly reveal the indemnity’s existence, especially to claimants and their lawyers. The judgment discloses that in 2007 Glenn Mulcaire “was paid £80,000 in full and final satisfaction of all his claims”—one third, as we now know, of the total payments to Clive Goodman. As part of the settlement, the judgement states: “He

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<sup>133</sup> *Press standards, privacy and libel*, Vol II, Qq 2197-2200

<sup>134</sup> Q 323

<sup>135</sup> *Mulcaire v News Group Newspapers Ltd* [2011] EWHC 3469 (ch) (21 December 2011)

undertook not to disclose the terms of that settlement nor thereafter to make any statement or comment which might injure, damage or impugn the good name, character or reputation of NGN.”

102. By this time, Glenn Mulcaire knew the amount NGN was paying to settle the civil claims, and clearly felt aggrieved. On 2 July 2010, his lawyer Sarah Webb, presently a partner at solicitors Payne Hicks Beach, asked for a further £750,000 for Glenn Mulcaire for further co-operation in all the civil litigation. “Mr Mulcaire considered,” the judgment states, “that he had ‘carried the can’ for all those involved in telephone tapping at NGN. By at least 2010 he felt he had been badly treated by NGN when compared with others also involved in telephone tapping at NGN; as subsequently became apparent, some were paid substantially more, others retained their positions in NGN.” As part of the negotiations over the indemnity, Sarah Webb recorded in her attendance notes a conversation on 28 June 2010 with Julian Pike of Farrers: “Whilst he acknowledges the indemnity that they have offered, I think he actually feels that News Group should be paying him more in effect for his silence.” In the event, the indemnity was extended to cover the further cases and, following this, on 1 September 2010, Tom Crone finally responded to the additional £750,000 demand, refusing to pay the money.

103. Tom Crone was, according to the judgment, particularly sensitive about there being any publicity at all about the arrangement: “His concern that any payment made to Mr Mulcaire should not become public knowledge was not related just to the conduct of NGN’s defence to claims made or anticipated”, as Sarah Webb’s evidence recorded. A dispute then took place with NGN over whether Glenn Mulcaire should provide a defence and information demanded in the Skylet Andrew claim. “NGN considered that it would be easier to settle that claim if the information had not been provided and Mr Mulcaire did not serve a defence,” the judgment stated. “On 9 September Mr Pike indicated in an email to Ms Webb that service of a defence would bring into play conditions 2 and 4 of the Indemnity Letter.”

104. In the event, Glenn Mulcaire served a defence in this case—but refused to supply the additional information sought by the claimant—but subsequently, as the judgment states, he co-operated with NGN after it extended the indemnity to all the 38 civil cases which had started by 28 July 2011, including appealing a High Court ruling that he reveal who instructed him over phone-hacking. The significance of 28 July 2011 is that it was the date on which Farrer & Co wrote to Glenn Mulcaire confirming—following the Murdochs’ appearance at the Committee—that NGN would no longer pay his legal fees. Glenn Mulcaire’s legal action started on 17 August 2011. By that time, the judgment records, the newspaper group had paid a total of £269,305.70 in respect of Glenn Mulcaire’s legal costs in the civil claims, with a further £95,531.24 having been billed but not paid—making a total of some £365,000.

105. The arrangements with Glenn Mulcaire following his conviction were every bit as distasteful as those with Clive Goodman, if the newspaper had nothing to hide. The settlement, though, is hardly surprising given News International’s over-riding desire to avoid the bad publicity which an employment tribunal would bring.

106. The facts revealed in the High Court judgment in Glenn Mulcaire’s favour in December 2011 are instructive as to the lengths to which News International has gone

to maintain confidentiality. The indemnity given to Glenn Mulcaire, paying any costs and damages from the civil phone hacking claims, was not only conditional on its existence not being revealed; it could also, the company's lawyers sought to maintain, prevent Glenn Mulcaire serving his own defence in those cases. The company's determination to cover up the extent of the phone hacking scandal is also further demonstrated by its willingness to meet the costs of Glenn Mulcaire's successive appeals against court rulings to reveal who instructed him to hack the phones of the various targets.

107. Following a recent Court of Appeal decision to uphold the High Court's rulings, Glenn Mulcaire is currently taking the matter to the Supreme Court—all at News International's expense. We look forward to the final judgment and any further light that any evidence, finally, from Glenn Mulcaire sheds on this damaging affair. So far, with the complicity and financial support of News International, he has kept silent.



## 4 The Gordon Taylor and subsequent settlements

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### Timeline

108. In June 2008, News Group Newspapers (NGN) settled out of court a privacy claim brought against it by Gordon Taylor, the Chief Executive of the Professional Footballers' Association. Gordon Taylor had taken out the civil case against NGN following the conviction of Glenn Mulcaire for unlawfully intercepting voicemail messages, including messages left on Gordon Taylor's phone. In July 2009, it was the revelation by the *Guardian* of the size of this settlement that prompted us to prolong our inquiry into *Press standards, privacy and libel*. During the course of our current investigation, we have taken a substantial amount of evidence on the process by which the settlement was arrived at, which we discuss at length in this chapter. A summary timeline is printed here for ease of reference.<sup>136</sup>

- **Summer 2007** Before the emergence of the transcripts of voicemails taken from Gordon Taylor's phone that are now known as the 'for Neville' e-mail, Gordon Taylor had asked for £250,000 to settle his claim out of court. Julian Pike, the solicitor from Farrer & Co acting for NGN in the claim, said that "over the summer of 2007, the view we had of the case was that it was so weak that it ought to be struck out".<sup>137</sup> In an internal briefing note, Tom Crone stated that "Taylor served a full pleaded claim on us which did not seem to be supported by any evidence and we filed a defence denying any involvement in accessing or making use of information from his voicemails".<sup>138</sup>
- **1 November 2007** In response to separate requests, Farrer & Co and Gordon Taylor's lawyers were told by the Metropolitan Police that the 'for Neville' e-mail existed. Julian Pike said that "they did not give it to us at that stage; they simply described it very briefly".<sup>139</sup>
- **April 2008** Farrer & Co, NGN and the solicitors acting for Gordon Taylor saw the e-mail. Following disclosure of the 'for Neville' e-mail, Gordon Taylor asked for £1 million in settlement plus costs.
- **May 2008** On behalf of NGN, Farrer & Co made an oral offer of £50,000 in addition to costs and other (unspecified) undertakings. Gordon Taylor rejected this offer.
- **May 2008** Farrer & Co offered £150,000 plus costs and undertakings. The offer was made under Part 36 of the Civil Procedure Rules. Gordon Taylor rejected the offer and

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136 Unless otherwise stated, the evidence in the timeline is taken from Ev 225

137 Q 1157

138 Ev 239

139 Q 1158. It was not known until Julian Pike gave evidence in October that Farrer & Co had also applied to the police for relevant documentation. Mark Lewis did not know this and Tom Crone's briefing note to Colin Myler states "unknown to us a few months ago Taylor applied to and obtained from the court an Order obliging the Police to release the criminal prosecution paperwork and evidence to his lawyers"; Ev 240

Mark Lewis, who was acting on behalf of him for George Davies LLP, stated that he was not interested in negotiation and wanted to take the case to trial.

- **24 May 2008** Tom Crone sent a briefing note to Colin Myler setting out the facts of the case,<sup>140</sup> and summarising the disclosures obtained by Gordon Taylor's lawyers, including a list of the *News of the World* journalists implicated in illegal activities in Operation Motorman and, relating to his particular case, the 'for Neville' email. The memorandum was intended to brief Colin Myler ahead of the editor speaking to James Murdoch.
- **24-27 May 2008** Farrer & Co advised NGN to seek the advice of Michael Silverleaf QC on the potential level of damages that would be awarded by the court if the case went to trial.
- **27 May 2008** Colin Myler spoke to Julian Pike about the case and problems at the *News of the World*. The note of this conversation suggests that a meeting or conversation between Colin Myler and James Murdoch took place at which the Gordon Taylor case was discussed.<sup>141</sup>
- **2-3 June 2008** Julian Pike spoke to Michael Silverleaf QC on 2 June.<sup>142</sup> An opinion was produced the next day, which stated, *inter alia*, that the disclosures obtained by Gordon Taylor's team showed that there "is a powerful case that there is (or was) a culture of illegal information access" used at NGN and "my view is that the court might award a sum at any level from £25,000 to £250,000 or possibly even more, although I think this extremely unlikely. My best guess is that the award will be either about £100,000 or about £250,000 depending upon the personal reaction of the judge who hears the claim. These are to my mind the sorts of figure which are likely to commend themselves to a judge trying to reflect both disapproval and deterrence".<sup>143</sup> NGN was advised by Mr Silverleaf QC to increase the Part 36 offer to £250,000, the amount originally sought by Gordon Taylor.
- **3 June 2008** Acting on behalf of NGN, Tom Crone instructed Farrer & Co to increase the Part 36 offer to £350,000, a significantly higher amount than advised. The offer to Gordon Taylor was made by Julian Pike through Jessica Kraja of George Davies LLP.
- **6 June 2008** Gordon Taylor rejected the offer, Mark Lewis stating that he "wanted to be vindicated or made rich".<sup>144</sup> In response it was agreed to extend the period in which Gordon Taylor had to accept the Part 36 offer and that NGN would accede to some of his other requests.
- **7 June 2008** Colin Myler e-mailed James Murdoch with an "update on the Gordon Taylor (Professional Football Association) case", stating that "unfortunately it is as bad

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140 Ev 240

141 Ev 242

142 Ev 245

143 Ev 247, para 6, and Ev 249, para 17

144 Ev 243

as we feared". James Murdoch responded to the e-mail within three minutes of receiving it.<sup>145</sup>

- **10 June 2008** James Murdoch met with Tom Crone and Colin Myler, who sought his authority to increase the offer to Gordon Taylor. That authority was given.
- **June 2008.** "After further negotiations, final terms were agreed, including a payment of £425,000 in damages plus costs and the provision of undertakings and an affidavit".<sup>146</sup>

### The settlement amount

109. The settlement with Gordon Taylor eventually cost NGN approximately £700,000, of which £425,000 represented an amount for damages. It is difficult to set this within its context because privacy actions for unpublished stories were unprecedented at the time. Julian Pike told us that "there was no like case here [...] and it was all happening before Mosley, when there was a ceiling".<sup>147</sup> Nonetheless, the amount does seem very high when it is set in the context of advice from Michael Silverleaf QC that "a court might award a sum at any level from £25,000 to £250,000, or possibly even more, although I think this extremely unlikely".<sup>148</sup> It has been suggested on numerous occasions that NGN paid over the odds to settle the case because the company had something further to hide. This supposition is certainly reinforced by the contents of the Tom Crone briefing note to Colin Myler of 24 May 2008<sup>149</sup> and counsel's opinion from Michael Silverleaf QC of 3 June 2008<sup>150</sup> (both of which were only disclosed to us during this inquiry). Mark Lewis certainly thought that NGN were acting suspiciously during the negotiations:

Tom Crone came to see me in Manchester. That was the giveaway—that there was something more to it—and that is what led to the £250,000 offer. By way of explanation, I had at that stage been doing the job for 17 years. I had had numerous negotiations with Tom Crone over that period, and he had never once left Wapping. All of a sudden he was getting on a train to come and see me in Manchester. I knew that there was something more to it.<sup>151</sup>

He later added that "the most obvious thing to do would have been to pay £12,000 or so to settle without any admission of liability, to say that the phone was not hacked".<sup>152</sup>

110. Julian Pike and News International have provided several alternative explanations for the high settlement amount:

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145 Ev 273

146 Ev 225

147 Q 1068. In July 2008, Max Mosley was awarded £60,000 in damages plus costs, in his action against the *News of the World* for breach of privacy. At that time, this was the biggest award in recent history in respect of a privacy action. Mosley's request for punitive exemplary damages was rejected: see, for example, the *Guardian*, 24 July 2008, 'Max Mosley wins £60,000 in privacy case.'

148 Ev 249

149 Ev 240

150 Ev 247

151 Q 1237

152 Q 1259

- a) The lack of precedent: Michael Silverleaf QC stated in his advice to NGN that “there are no precedents for awards of damages in such cases and analogies with other causes of action are unhelpful”.<sup>153</sup>
- b) The desire to avoid the risk of expensive litigation.<sup>154</sup>
- c) The context in which negotiations took place: Julian Pike told the Committee that “back in 2007, when Gordon Taylor had no evidence to support his case, he demanded £250,000. Having then received evidence which supported his case, it was obvious that he was not going to settle the case for less than he had demanded when he had no evidence, so immediately you are starting from a point that he was not going to resolve the case for less than £250,000. [...] He demanded £1 million, so we were negotiating against that sort of backdrop”.<sup>155</sup> On the other hand, Mark Lewis told the Committee that “the idea that the parameters for negotiations were set by what I had asked for in the first place is just nonsense. It is quite conceivable that I could have been wrong. Of course I was wrong, in terms of the measure of damages for a privacy action for something that had not been published. There was no way that that case was worth that amount, but I was negotiating”.<sup>156</sup>
- d) Part 36 of the Civil Procedure Rules: An offer made under Part 36 would have given the defendant protection in respect of the risk of paying the claimant’s costs should the claim succeed but not reach the amount of the Part 36 offer. Julian Pike explained that “I was instructed to offer more by way of a Part 36 on 3 June 2008. That is a perfectly standard approach. You would offer more than you think the case is worth, because it gives you greater protection, in terms of the Part 36 regime, with regards to costs”.<sup>157</sup>
- e) The desire to prevent further actions being taken: Tom Crone’s briefing note to Colin Myler stated that “Gordon Taylor is the only one of the victims to issue civil proceedings (though others could still do so)”.<sup>158</sup> He told us in oral evidence that “if it all went public with Mr Taylor, we were at risk of four other litigants coming straight in on top of us, with enormous cost”.<sup>159</sup> In an e-mail to Colin Myler of 7 June 2008, he amplified this, noting that “there is a further nightmare scenario in this, which is that several of those voicemails on the Ross Hindley e-mail were taken from [Joanne Armstrong’s] phone [...] we can also assume she will have seen this evidence and is waiting to see how Taylor’s case concludes before intimating [*sic*] her own claim”.<sup>160</sup>
- f) Confidentiality: Michael Silverleaf QC’s opinion noted that “to have this paraded at a public trial would, I imagine, be extremely damaging to NGN’s public reputation”.<sup>161</sup>

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153 Ev 249, para 16

154 See for example Q 242 (James Murdoch)

155 Q 1070

156 Q 1267

157 Q 1084

158 Ev 240

159 Q 796

160 Ev 271

161 Ev 247, para 6

### **Confidentiality**

111. Ever since the Gordon Taylor settlement became public, it has been suggested that the amount of the settlement was unusually high in order to allow NGN to buy confidentiality. The opinion provided by Michael Silverleaf QC made it quite clear that confidentiality was, in his opinion, a factor in determining how best to proceed.<sup>162</sup> Tom Crone's briefing note for Colin Myler's meeting with James Murdoch on 27 May 2008 stated that, in making the opening offer of £150,000 to Gordon Taylor, "we thought it unlikely he would take it but hoped it would open negotiations which would lead to a confidential settlement".<sup>163</sup>

112. Both in 2009 and in 2011 witnesses from News International asserted that confidentiality was a factor on both sides of the Gordon Taylor settlement. Tom Crone told the Committee that "they [Gordon Taylor's lawyers] would certainly assume that we would want confidentiality and I think it is fair to say we assumed they wanted confidentiality".<sup>164</sup> However, Mark Lewis distinguished between Gordon Taylor's claim, which "sought an injunction to stop the repetition of information which was obtained illegally" and the insertion of an additional condition to prevent knowledge of the settlement being made public: "That was not suggested by Gordon Taylor or by me on behalf of Gordon Taylor [...] that was put forward as part of the settlement offer".<sup>165</sup> Indeed, accounts of a conversation between Julian Pike and Mark Lewis suggest that, on behalf of Gordon Taylor, Lewis was using NGN's desire for confidentiality as a weapon in the negotiations. Lewis told Pike that Gordon Taylor "would rather have to pay some of NGN's costs and have NGN publicly hung out to dry than settle for a sum, in his view, which was too low".<sup>166</sup>

113. Initially News International denied that confidentiality had been a financial element in the settlement offer. On 21 July 2009, our predecessors asked Colin Myler and Tom Crone whether or not the size of the payment was greater in order that the proceedings should be kept secret. Colin Myler said: "Absolutely not as far as I am aware" and Tom Crone said: "No".<sup>167</sup> On 19 July 2011, we asked James Murdoch the same question and he replied: "No, not at all. Out-of-court settlements are normally confidential. I do not know of many out-of-court settlements that are not kept confidential, although I am sure there are some. There was nothing about confidentiality".<sup>168</sup>

114. In our 2010 Report, we were very sceptical about News International's evidence in this respect, however, and it has subsequently become clear that confidentiality did have an impact on the eventual settlement amount. By the time that he supplied written evidence in August 2011, James Murdoch had altered his stance:

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162 Ev 247, *passim*

163 Ev 241

164 Q 792

165 *Press standards, privacy and libel*, Vol II, Ev 381

166 Ev 271

167 *Press standards, privacy and libel*, Vol II, Ev 305

168 Q 264

I did not know at the time or when I gave my evidence that any part of the amount of the Taylor settlement specifically related to the confidentiality aspect of the settlement. Since I gave this response, I have been informed that confidentiality was a factor in determining the amount of the settlement payment; however, I was not party to those discussions nor was it my motivation in agreeing to settle the case which, as described above, was to avoid continuing to litigate a case which I understood we were bound to lose.<sup>169</sup>

115. This later account is supported by Julian Pike's attendance notes from a telephone call with Jessica Kraja of George Davies LLP on 3 June 2008, when an offer of £350,000 was made to Gordon Taylor on the understanding that "the client was willing to pay something more—not a stratospheric amount—to resolve it this week on the basis that drew a line in the sand and that the deal was confidential".<sup>170</sup>

116. In oral evidence in September 2011, we had an extended exchange about confidentiality with Tom Crone. He did not accept that the evidence on confidentiality he had given the Committee in 2009 had been misleading, distinguishing between "secrecy", which he had explicitly denied in 2009, and "confidentiality", which he had told the Committee comprised a clause—though not an amount of money—in the settlement.<sup>171</sup>

117. The amount of the eventual settlement that related to the confidentiality requirement has proved difficult to quantify. Farrer & Co's written evidence stated that "an element of the sum paid to Mr Taylor would have reflected the agreement to keep the matter confidential but no precise figure was attributed to that element that we are aware of".<sup>172</sup> When pressed on this in oral evidence, Julian Pike said that "the best you could do is say that some of the difference between £350,000 and the amount paid, which was £425,000, would relate to confidentiality".<sup>173</sup> Mark Lewis, who acted on behalf of Gordon Taylor, has suggested that confidentiality represented more than the £75,000 maximum suggested by Julian Pike. For example, in oral evidence, he told the Committee that "they did not want it to get out. They had paid my costs in full. They didn't knock a penny off. That is unheard of in litigation".<sup>174</sup>

**118. News International have told us that, contrary to the evidence previously supplied, the settlement made to Gordon Taylor was higher as a result of the confidentiality requirement sought by NGN. It is not necessary to quantify the amount that related to confidentiality. Keeping the settlement out of the public eye was absolutely central to the agreement. Tom Crone was involved in the negotiations and knew that NGN's desire for confidentiality had increased the settlement amount. In seeking to give a counter-impression when questioned about this, Tom Crone misled the Committee.**

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169 Ev 172

170 Ev 242

171 Qq 796-804

172 Ev 225

173 Q 1109

174 Q 1268

119. We have been given a number of reasons why the settlement made with Gordon Taylor should have totalled as much as £700,000. Centrally, however, this huge amount was paid over a story which was never actually published and was clearly done to buy silence, avoid further damaging publicity and to avert further civil claims over phone-hacking—fruitlessly, as it turned out. The very fact of settling at such a high level indicates that some senior people at News International were aware that Gordon Taylor had a case to be answered on phone-hacking and that the single ‘rogue reporter’ claim was untrue.

### The ‘for Neville’ email

120. In 2009, a number of senior executives from News International lined up to tell the Committee that, as far as they were concerned, Clive Goodman had been a single ‘rogue reporter’, entirely responsible for phone-hacking at the *News of the World*. Les Hinton, former Executive Chairman of News International, said that “there was never any evidence delivered to me that suggested that the conduct of Clive Goodman spread beyond him”.<sup>175</sup> Andy Coulson, former Editor of the *News of the World*, said that “if a rogue reporter decides to behave in that fashion I am not sure that there is an awful lot more I could have done”.<sup>176</sup> His successor Colin Myler, the newspaper’s editorial lawyer Tom Crone and its former managing editor Stuart Kuttner maintained the same line—which was also repeated in evidence given to the Press Complaints Commission by Colin Myler<sup>177</sup> and in statements to the public at large.

121. On 8 July 2009, Nick Davies published an article in the *Guardian* in which he alleged that News International had paid £700,000 in damages and costs to Gordon Taylor in relation to allegations of illegal voicemail intercepts. Six days later he disclosed to the Committee an e-mail, subsequently dubbed the ‘for Neville’ e-mail, which was the key piece of evidence in the Gordon Taylor case.<sup>178</sup>

122. In the context of the disclosure made to the Committee by Nick Davies, the notion that any executives at News International could have continued to believe that the practice of phone-hacking was confined to a single ‘rogue reporter’ was as incredible to the Committee in 2009 as it is now. At the very least, it seemed that Ross Hindley—whose real name turns out to have been Ross Hall—and Neville Thurlbeck, two journalists at the *News of the World*, should have been aware that phone-hacking was taking place since, in June 2005, one of them, Hindley/Hall, had apparently sent an e-mail to Glenn Mulcaire which opened with the words “this is the transcript for Neville” and the other, the only person called Neville employed by the *News of the World* at the time, was the intended eventual recipient.<sup>179</sup> The e-mail contained a transcript of 35 voicemail messages. In 13 cases, the recipient of the message was “GT” (Gordon Taylor), and in 17 cases the recipient was “JA” (Jo Armstrong, Gordon Taylor’s Personal Assistant).<sup>180</sup> The predecessor Committee stated

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175 *Press standards, privacy and libel*, Vol II, Q 2106

176 *Press standards, privacy and libel*, Vol II, Q 1554

177 “PCC report on phone message tapping allegations”, Press Complaints Commission, 9 September 2009

178 *Press standards, privacy and libel*, Vol II, Ev 295

179 *Press standards, privacy and libel*, Vol II, Ev 457 and Ev 467

180 *Press standards, privacy and libel*, Vol II, Ev 295

in its Report that “no witness sought to deny that these messages had been intercepted by Glenn Mulcaire, or that they had been transcribed by Mr Hindley”.<sup>181</sup>

123. Tom Crone and Colin Myler had certainly seen the ‘for Neville’ e-mail at the time of the Gordon Taylor settlement in 2008. They told the Committee this in oral evidence.<sup>182</sup> Even on this simple point of fact, though, there is some confusion about dates. In 2009 Tom Crone told the Committee that, after a decision had been taken not to run the Gordon Taylor story in July 2005, “that is the last I heard of that story until the e-mail was produced in April 2008”.<sup>183</sup> This is not true. Julian Pike was told of the existence of what “was known as the ‘for Neville’ e-mail on 1 November 2007, when it was referred to by the Metropolitan Police in response to an inquiry made by the Firm on 28 September”.<sup>184</sup> When asked whether he had discussed this matter with Tom Crone in November 2007, Julian Pike said that he had.<sup>185</sup> Thus, although he did not actually see the ‘for Neville’ e-mail until April 2008, Tom Crone was aware five months previously of the existence of crucial evidence relevant to the Gordon Taylor case.

124. Having seen the ‘for Neville’ e-mail in April 2008, Tom Crone investigated it. Apparently the *News of the World*’s IT department found that there was no trace of the e-mail having gone “anywhere else”.<sup>186</sup> In 2009, Tom Crone told the Committee that, as a result of his investigation, he was not aware of any evidence to prove conclusively that *News of the World* reporters had been involved in the hacking of Gordon Taylor’s voicemail: “these are serious matters and I am not going to speculate or guess in front of this Committee. I can tell you what I asked and the information I was given and the evidence I have seen”.<sup>187</sup> In the same session he stated categorically that “no evidence was found”.<sup>188</sup> In 2011, Colin Myler told us that, in 2008, “there was no evidence to support anybody else [other than Clive Goodman and Glenn Mulcaire] being allegedly involved”.<sup>189</sup>

125. As part of his investigation, Tom Crone said he had questioned Ross Hall who “had very little recollection of it [the e-mail]” though he accepted that “he sent the transcript where the e-mail says he sent it”.<sup>190</sup> Tom Crone did not at any point suggest to the Committee that Ross Hall had been able to offer any information about the individual who had commissioned the hacking of Gordon Taylor’s voicemail. He told the Committee that he had not spoken to Ross Hall since he made his original enquiries—presumably in 2008—because “he is on a holiday”: “I asked him at the outset. I asked him in detail”.<sup>191</sup>

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181 *Press standards, privacy and libel*, para 412

182 *Press standards, privacy and libel*, Vol II, Q 1342

183 *Press standards, privacy and libel*, Vol II, Q 1351

184 Ev 225

185 Q 1160

186 *Press standards, privacy and libel*, Vol II, Q 1342

187 *Press standards, privacy and libel*, Vol II, Q 1367

188 *Press standards, privacy and libel*, Vol II, Q 1398

189 Q 978

190 *Press standards, privacy and libel*, Vol II, Q 1342 and 1344

191 *Press standards, privacy and libel*, Vol II, Qq 1368 and 1365



126. It may be true that, after his initial conversation with Ross Hall, Tom Crone did not speak to him about the ‘for Neville’ e-mail again. It may also be true that, in 2008, Ross Hall had been unable to give Tom Crone any information about the individual who had commissioned the hacking of Gordon Taylor’s voicemail. During this inquiry, however, we have received evidence<sup>192</sup> that Neville Thurlbeck had subsequently discussed the matter with Ross Hall and that he had taped the conversation. Ross Hall had been able to offer him further information: “I taped the call and it exonerated me and incriminated [a news desk] executive”.<sup>193</sup> Neville Thurlbeck told us that this conversation with Ross Hall took place on 19 July 2009, two days before Tom Crone’s appearance before the Committee. He reported that, when he tried to give Tom Crone the tape that he had made, Tom Crone didn’t want it and “was unpleasant and extremely angry. He told me, ‘I have to go in front of the Committee in a few days time and defend everybody. No, I don’t want the bloody tape’”.<sup>194</sup>

127. In 2009, the Committee asked Tom Crone about the steps that he had taken to investigate Neville Thurlbeck’s role in the Gordon Taylor case, given that Neville Thurlbeck was the intended recipient of the transcripts contained in the ‘for Neville’ e-mail. On 21 July 2009, he told the Committee that Neville Thurlbeck’s “position is that he has never seen that e-mail, nor had any knowledge of it”.<sup>195</sup> When asked to affirm his statement that the “transcript, which was sent in an e-mail to Glenn Mulcaire, as far as you are aware, never went beyond Glenn Mulcaire”, he replied: “I cannot find any evidence that it did”,<sup>196</sup> although he later noted that Neville Thurlbeck had received a “briefing” on Gordon Taylor from the “London news desk”. Tom Crone’s extended account of his conversation with Neville Thurlbeck was as follows:

He says that he was brought into the relevant editorial project, the story, at the end of the story and his task was to go and knock on the door of one of the story subjects, which was either in Blackburn or Manchester, and put the essence of the story to the person in order to get their comments, which is mostly standard practice in what we do. In order to conduct that task he says he was briefed; and when I spoke to him the first time he said he was briefed by one of our executives, Greg Miskiw who was then based in Manchester; and he also said it was very much a Greg Miskiw/Glenn Mulcaire project. He subsequently came back to me and said that he had refreshed his memory and in fact it could not have been Greg Miskiw, because Greg Miskiw left the *News of the World* on 30 June 2005, which was the day after that e-mail was created. He had worked out his redundancy package, I think, a week or two weeks before that, and he was no longer on active duty. Neville Thurlbeck told me that his refreshed memory told him that in fact the briefing that he received was from the London news desk.<sup>197</sup>

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192 Ev 260

193 Ev 260

194 Ev 260

195 *Press standards, privacy and libel*, Vol II, Q 1344

196 *Press standards, privacy and libel*, Vol II, Q 1347

197 *Press standards, privacy and libel*, Vol II, Q 1344

128. We now have evidence to suggest that Tom Crone's 2009 account of his conversations with Neville Thurlbeck was misleading. In an e-mail sent by Tom Crone to Julian Pike on 24 May 2008, which was submitted as evidence by Farrer & Co, Tom Crone wrote "I went thru the new Taylor docs with [redacted] today. [Redacted] now remembers the transcripts... he was give [sic] the story only at the end to do the showdown and write it up... Glenn Mulcaire had been dealing with Greg Miskiw for months on it before that".<sup>198</sup> Similarly, in a memorandum prepared by Tom Crone and attached to an e-mail that he sent to Colin Myler and Julian Pike on 24 May 2008, Tom Crone noted that the 'for Neville' e-mail "proves we actively made use of a large number of extremely private voicemails from Taylor's telephone".<sup>199</sup> Michael Silverleaf QC's opinion states that "at least three NGN journalists" had been involved in Glenn Mulcaire's "illegal researching into Mr Taylor's affairs".<sup>200</sup> All three of these documents prove that, in direct contradiction to statements made to the Committee a year later, in May 2008 Tom Crone had evidence that Neville Thurlbeck and at least two other journalists had seen the voicemail transcripts and that he believed that this amounted to proof that the company ("we") had "actively" made use of Gordon Taylor's voicemail.

129. Evidence submitted by Neville Thurlbeck asserts that the account given to the Committee in 2009 by Tom Crone and Colin Myler was misleading in other particulars as well. He told us that on 11 and 15 July 2009 he had furnished Tom Crone and Colin Myler with evidence that strongly suggested the involvement of a "news desk executive" in phone-hacking.<sup>201</sup> Neville Thurlbeck commented in his written evidence that "they were in possession of all this knowledge and they failed to disclose it to the Committee".<sup>202</sup> We are unable to verify Neville Thurlbeck's account because the documentary and audio evidence that he described has been passed to the Metropolitan Police as part of their investigations.

**130. In evidence, Tom Crone and Colin Myler gave repeated assurances that there was no evidence that any further *News of the World* employee, beyond Clive Goodman, had been involved in phone-hacking. This was not true and, as further evidence disclosed to us by the newspaper's solicitors Farrer & Co now shows, they would have known this was untrue when they made those statements. Both Tom Crone and Colin Myler deliberately avoided disclosing crucial information to the Committee and, when asked to do, answered questions falsely.**

131. Tom Crone told us that he pursued the matter of the 'for Neville' e-mail with Neville Thurlbeck in April 2008, when the e-mail was first disclosed. Indeed, a redacted e-mail sent by Tom Crone to Julian Pike on 24 May 2008 implies a recent conversation between Tom Crone and Thurlbeck.<sup>203</sup> The newspaper's former Chief Reporter's written evidence did not go into the events of 2008 in any detail but did mention a meeting with Tom Crone and Colin Myler on 11 July 2009, at which Thurlbeck states that he was told that he might lose

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198 Ev 241

199 Ev 241

200 Ev 247, para 3

201 Ev 260

202 Ev 260

203 Ev 241

his job on the basis of the existence of the e-mail.<sup>204</sup> The significance of 11 July 2009 is that, whilst it is over a year after the 'for Neville' e-mail first emerged, it is only three days after the Gordon Taylor settlement became public knowledge because of the appearance of a story in the *Guardian*.<sup>205</sup>

132. The dates of the meetings between Tom Crone and Neville Thurlbeck strongly suggest that disciplinary action against Neville Thurlbeck was only considered when it became apparent that the contents of the 'for Neville' e-mail would become public knowledge. This is also hardly the approach of a company concerned to search out any wrongdoing and discipline the perpetrators.

### *The significance of the 'for Neville' email and the Silverleaf opinion*

133. There is a marked difference between the way that the significance of the 'for Neville' e-mail was presented to the Committee by witnesses from News International, both in 2009 and 2011, and the way that it was discussed within the company.

134. In evidence to the Committee, Tom Crone and Colin Myler sought to maintain two apparently contradictory positions:

- On the one hand they maintained that the 'for Neville' e-mail was highly significant. They described it as "a piece of evidence that meant we had to settle the Gordon Taylor case".<sup>206</sup>
- On the other hand, they maintained that, since it could not be proved that Ross Hall, Neville Thurlbeck or anyone else knew that the contents of the email came from phone-hacking, it had turned out to be less than a smoking gun. Tom Crone, for example, told us that "the document wasn't evidence that the junior reporter had intercepted phone calls. It was that he had transcribed, presumably from a tape or a disc, a number of voicemail messages. Therefore, it meant that evidence of Glenn Mulcaire's illegal activity in accessing Gordon Taylor's voicemail messages had passed through our office. Therefore, *News of the World* was implicated, certainly at least with knowledge that Glenn Mulcaire had done that".<sup>207</sup>

135. Internal discussions of the significance of the 'for Neville' e-mail were more candid than Tom Crone and Colin Myler in giving evidence to the Committee. A briefing note prepared by Tom Crone and sent to Colin Myler on 24 May 2008 described the document as "an e-mail from a *News of the World* reporter to Glenn Mulcaire enclosing a large number of transcripts of voicemails from Taylor's telephone". The briefing note observed—rather more frankly than Tom Crone's evidence to the Committee—that "this evidence, particularly the e-mail from the *News of the World* is fatal to our case".<sup>208</sup> Far from the e-mail merely being evidence of "knowledge" of Glenn Mulcaire's activities

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204 Ev 260

205 "Murdoch papers paid £1m to gag phone-hacking victims", *Guardian Online*, 8 July 2009, "No inquiries. No charges. No evidence", *News of the World*, 12 July 2009

206 Q 737

207 Q 815

208 Ev 240, paras 6 and 8

having simply “passed through” the newspaper’s offices, Tom Crone’s internal briefing went on to elaborate:

Our position is very perilous. The damning email is genuine and proves we actively made use of a large number of extremely private voicemails from Taylor’s telephone in June/July 2005 and that this was pursuant to a February 2005 contract, i.e. a 5/6-month operation. He has no evidence that the *News of the World* continued to act illegally after that but he can prove Glenn Mulcaire continued to access his mobile until May 2006 (because Glenn Mulcaire pleaded guilty to it).<sup>209</sup>

136. We know from evidence received from Farrer & Co that not only did Tom Crone form an opinion as to the “damning” nature of the ‘for Neville’ e-mail, but that this view was endorsed and amplified by an independent opinion commissioned from Michael Silverleaf QC. This opinion, sent to News International on 3 June 2008, stated that “the material obtained from the Metropolitan Police has disclosed that at least three NGN journalists (Greg Miskiw, [redacted] and Ross Hindley) appear to have been intimately involved in Mr Glenn Mulcaire’s illegal researching into Mr Taylor’s affairs”.<sup>210</sup> The opinion continued:

it seems to me, as it seems to both my instructing solicitors and junior counsel, that [News Group Newspapers]’s prospects of avoiding liability for the claims of breach of confidence and invasion of privacy made by Mr Taylor are slim to the extent of being non-existent. NGN must be vicariously liable for the conduct of its employees unless they were acting on a frolic of their own. The latter claim appears on the information now available to be impossible to establish. [...] In the light of these facts there is a powerful case that there is (or was) a culture of illegal information access used at NGN in order to produce stories for publication. Not only does this mean that NGN is virtually certain to be held liable to Mr Taylor, to have this paraded at a public trial would, I imagine, be extremely damaging to NGN’s public reputation.<sup>211</sup>

137. Michael Silverleaf QC’s opinion explicitly demolished the lone ‘rogue reporter’ hypothesis:

[W]hen Mr Mulcaire was sentenced for the offences noted above, it seems to have been accepted by the prosecution and the court that his contract with NGN to provide research services was for legitimate activities and a confiscation order was made only in relation to additional cash payments made to him by Mr Goodman for the particular activities relating to the members of the Royal Household. The recently disclosed information seems to throw that acceptance into considerable doubt: if the trial proceeds, there would seem to be little doubt that Mr Taylor’s case will be advanced on the basis that Mr Mulcaire was specifically employed by NGN to engage in illegal information gathering to provide the basis for stories to appear in NGN’s newspapers.<sup>212</sup>

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209 Ev 241, para 11

210 Ev 247, para 3

211 Ev 247, para 6

212 Ev 247, para 7

138. Michael Silverleaf QC's conclusion regarding the 'culture of illegal information access' also rested on disclosures Gordon Taylor's team had gained regarding the activities of *News of the World* journalists from the Information Commissioner's Operation Motorman investigation into use of another private detective. These, Michael Silverleaf QC concluded, 'on the face of it, required illegal access to data sources.' On the Motorman evidence, Tom Crone's memorandum to Colin Myler was even more explicit: 'A number of those names are still with us and some of them have moved to prominent positions on *NoW* and *The Sun*. Typical infringements are 'turning round' car reg. and mobile phone numbers (illegal).'

139. We know that Tom Crone was sent a copy of Michael Silverleaf QC's opinion on 3 June 2008.<sup>213</sup> Tom Crone said that he was "fairly certain" that Colin Myler had seen a copy.<sup>214</sup> Colin Myler's account stated that he probably had not seen a copy: "I do not believe that I read a copy of Michael Silverleaf QC's opinion. Tom Crone and Julian Pike had instructed Counsel to provide an opinion and it was provided to them. However, in advance of the meeting with Mr Murdoch on 10 June 2008, Mr Crone briefed me that the substance of Counsel's firm advice was to settle Mr Taylor's claim".<sup>215</sup> We do know that Colin Myler knew about the seriousness of the situation, should these matters be aired in public. In addition to receiving Tom Crone's frank memorandum of 24 May 2008, three days later he had a direct telephone conversation with Julian Pike which referred not only to Clive Goodman's "sprayed around allegations, horrible process,"<sup>216</sup> but to investigations at the newspaper into three individuals and concerns about evidence previously given by Les Hinton to our predecessors and assurances which had also been given to the Press Complaints Commission.<sup>217</sup> None of this came to light in evidence either he, or Tom Crone, gave to the Committee, but only after their appearances and as a result of follow-up questions asked by the Committee to Farrer & Co, following the appearance of Julian Pike. During his appearance on 19 October 2011, indeed, Mr Pike made it clear that he knew their evidence in 2009 to have been untruthful the moment it was given:

Paul Farrelly: At what stage did it become clear to you that the line that we were being given was not the truth?

Julian Pike: It would have been at the point it was given to you.<sup>218</sup>

140. **When giving evidence to the Committee, Tom Crone and Colin Myler made two assertions that were contradictory. They maintained that, whilst the 'for Neville' e-mail had meant that the company had had to settle the Gordon Taylor case, it had only been evidence that "knowledge" of Glenn Mulcaire's phone-hacking activities had "passed through" the newsroom. Tom Crone's internal briefing and Michael Silverleaf QC's opinion on the Gordon Taylor case clearly demonstrate that they believed that the 'for Neville' e-mail was evidence of far more than this. In his own internal briefing, Tom**

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213 Ev 239

214 Ev 266

215 Ev 257

216 Ev 242

217 Ev 242

218 Q 1099

Crone described it as being “fatal” to the case and “damning”. He also stated that it proved that “we actively made use of a large number of extremely private voicemails from Gordon Taylor’s telephone in June/July 2005 and that this was pursuant to a [...] contract”. Colin Myler was sent that briefing and subsequently discussed evidence of wider involvement and problems in the newsroom with the newspaper’s solicitors. We now know that Tom Crone had also had sight of counsel’s opinion from Michael Silverleaf QC which referred to “a powerful case that there is (or was) a culture of illegal information access used at NGN in order to produce stories for publication”. If Colin Myler had not read the opinion himself, he was certainly briefed on its contents. Yet in giving evidence to the Committee both Tom Crone and Colin Myler attempted to downplay the significance of the ‘for Neville’ e-mail and made no mention of the legal opinion that they had obtained. In itself this amounts to an attempt to mislead the Committee about the import of a crucial piece of evidence and the failure of the company to act upon it.

141. It is clear, furthermore, from Tom Crone’s briefing to Colin Myler and from Michael Silverleaf QC’s opinion that the impetus to settle the Taylor affair was not simply to cover up the extent of phone-hacking at the newspaper, but was also driven by the bad publicity that would result from public disclosure of illegal activity by journalists at the *News of the World* that had been uncovered by the Information Commissioner during Operation Motorman. Again this imperative suggests the approach of the company was to cover up wrongdoing, rather than take disciplinary action to prevent it happening.

#### ***What James Murdoch knew in 2008***

142. As News International’s executive chairman at the time, James Murdoch authorised the payment of the Gordon Taylor settlement but claimed to the Committee that he was unaware of the wider significance of the evidence in that case at the time that he did so. When he first gave evidence to the Committee, on 19 July 2011, he claimed that: “I can tell you that the critical new facts, as I saw them and as the company saw them, really emerged in the production of documentary information or evidence in the civil trials at the end of 2010”.<sup>219</sup> This was a reference to disclosures obtained by lawyers in one of the further civil cases, that of the actress Sienna Miller, as News International’s then Chief Executive Rebekah Brooks made clear. Giving evidence on the same date after the Murdochs, she amplified the company’s position: “As you have heard in the last few hours, the fact is that since the Sienna Miller civil documents came into our possession at the end of December 2010, that was the first time that we, the senior management of the company at the time, had actually seen some documentary evidence actually relating to a current employee.”<sup>220</sup>

143. Soon after this, Colin Myler and Tom Crone issued a public statement rebutting James Murdoch’s claim not to have seen the ‘for Neville’ email in 2008 revealing that the practice of phone-hacking had spread beyond a single ‘rogue reporter’ at the *News of the*

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219 Q 155

220 Q 420

*World*.<sup>221</sup> They followed their statement up with written and oral evidence to the Committee.

144. James Murdoch's evidence was categorical and unwavering: he "was given sufficient information to authorise the increase of the settlement offer that had been made, or the offers that had been made, and to authorise them, or Mr Crone, to go and negotiate that settlement, but I was given no more than that".<sup>222</sup> His written evidence explicitly noted that he was not shown a copy of the 'for Neville' e-mail:

Prior to the meeting of 10 June 2008, I do not recall being given any briefing nor do I recall either Mr Crone or Mr Myler referring to, or showing me, any documents during the meeting. I recall being told by them when we met that the civil litigation related to the interception of Mr Taylor's voicemails to which Glenn Mulcaire had pleaded guilty the previous year and that there was evidence that Glenn Mulcaire had carried out this interception on behalf of the *News of the World*. It was for this reason that Mr Crone and Mr Myler recommended settlement. I was told that external counsel agreed with this. I was advised that there was no benefit in continuing to litigate the case and that we would lose. I did not ask for any evidence—I was content to rely upon Mr Myler and Mr Crone. Let me reiterate that I have no recollection of any mention of 'Thurlbeck' or a 'for Neville' email. Neither Mr Myler nor Mr Crone told me that wrongdoing extended beyond Mr Goodman or Mr Mulcaire. There was nothing discussed in the meeting that led me to believe that a further investigation was necessary.<sup>223</sup>

145. Initially Tom Crone could not remember whether or not he had actually shown a copy of the 'for Neville' e-mail to James Murdoch:

My invariable practice when seeking authority for settlements would be to take a file of the relevant documents with me to such meetings so that, if asked or if necessary, I could illustrate whatever I was saying by reference to something in writing. Since the 'for Neville' document was the sole reason for settling and, therefore, for the meeting, I have no doubt that I informed Mr Murdoch of its existence, of what it was and where it came from. I do not recall if I produced it and showed him a copy of it.<sup>224</sup>

146. He subsequently remembered a reason why he might not have produced a physical copy of the document at the meeting: "I had to sign a written undertaking, which was required either by the Metropolitan police or by Gordon Taylor's lawyers, or possibly by both, that I could not make any copy of the document. I was very restricted in what I could say about it to other people".<sup>225</sup>

147. There is a discrepancy between the accounts of James Murdoch on the one hand and Colin Myler and Tom Crone on the other as to the manner in which the 'for Neville' e-mail was explained to James Murdoch:

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221 [www.guardian.co.uk/media/2011/jul/21/james-murdoch-select-committee-evidence](http://www.guardian.co.uk/media/2011/jul/21/james-murdoch-select-committee-evidence)

222 Q 1460

223 Ev 172 (in response to Q 11)

224 Ev 199

225 Q 742

- a) James Murdoch insisted that the Gordon Taylor case “was brought to me as a case simply that would be lost. It was described briefly to me that there was evidence of the voicemail interception transcript—the transcript of the voicemail interception—that proved that it was for or on behalf of the *News of the World*, that it was open and shut that the company would lose it, and that it was important to settle the case, because litigating the case would be costly, and it was seen as a matter of the past. It was seen more as the end of something that had been going on before, as opposed to the beginning of something new”.<sup>226</sup>
- b) Tom Crone initially insisted that the significance of the e-mail was made plain to James Murdoch. He told us that “I would have explained the background to the litigation. I would have explained the stance we had taken up to the emergence of this document, and then I would have explained what this document was and what it meant”.<sup>227</sup> Colin Myler’s written evidence stated that he agreed with the evidence provided by Tom Crone.<sup>228</sup>

148. We repeatedly tested the competing accounts that we had been given. It seemed unlikely to us that James Murdoch would have authorised settling a civil case for such a large sum without questioning the basis on which he was being asked to do so. On 10 November 2011, we asked James Murdoch “is this the way things are normally settled in your business—people come to you and say, ‘We have to pay out this money,’ and, rather than asking why, you just say, ‘Okay?’” and he responded “no. [...] reasons were given to me around the relevant evidence in the case, not in relation to wider phone hacking, but in relation to this case, and it was very strong advice that the company would lose the case”.<sup>229</sup> When pressed later in the session about why he had accepted advice from Tom Crone and Colin Myler without question, he replied that it had been “the strong recommendation of very experienced counsel, who had some 20-plus years as counsel of News Group Newspapers. A new editor had come in and had a fresh look at all of these issues, I had assumed. They made a strong recommendation, and I followed it”.<sup>230</sup> He was also asked how he could have been under the impression that phone-hacking had not spread more widely than Clive Goodman, given that Clive Goodman was Royal Editor at the *News of the World* and Gordon Taylor was not royal nor connected to the Royal Family; indeed, he “was not charged with Gordon Taylor; he was charged with the royal accessing”.<sup>231</sup> He responded that “the details of the specific voicemail interception involving the Royal Family, and the fact that Mr Goodman was the Royal Reporter—those things were not top of mind for me”.<sup>232</sup>

149. James Murdoch did admit that mistakes had been made. He explained to the Committee that “the company, and I am sorry for this, moved into an aggressive defence

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226 Q 1552

227 Q 818

228 Ev 198

229 Q 1568

230 Q 1591

231 Q 979 (Tom Crone)

232 Q 1618



too quickly, and it was too easy for the company to do that”.<sup>233</sup> He also told the Committee that “in hindsight, today, I look back at the reaction to the Committee’s report [*Press standards, privacy and libel*] and think that would be one turning point, if you will, that the company could have taken”.<sup>234</sup> His father indicated that one of the mistakes made was the trust placed in senior employees by both him and his son. He told us that those responsible were “the people that I trusted to run it, and then maybe the people they trusted”.<sup>235</sup> These regrets notwithstanding, James Murdoch’s evidence was firm that it had not been made clear to him that there was a possibility that phone-hacking had involved more than one ‘rogue reporter’ and needed addressing more widely at the *News of the World*.

150. Tom Crone was authorised to settle cases for amounts up to a £10,000 limit.<sup>236</sup> The evidence from Farrer & Co shows that Julian Pike had made settlement offers to Gordon Taylor’s solicitor in excess of £10,000 before James Murdoch’s authorisation had been obtained. James Murdoch told us that “Mr Crone and Mr Myler had already attempted to settle this case at a number of levels before they ever came to me—at a variety of levels, some of which appear to be above their authority”.<sup>237</sup> He later amplified this remark: “it appears that Mr Crone took it upon himself to authorise a settlement of £50,000, and then £150,000. I certainly did not authorise that, nor the increase to £350,000 that came later”.<sup>238</sup> Neither Tom Crone nor Colin Myler suggested that James Murdoch had authorised the earlier amounts so, despite the fact that the payments exceeded Tom Crone’s authorisation limit, they cannot be treated as evidence of James Murdoch’s direct involvement in the negotiation process.

151. Some of the evidence we received from third parties supported James Murdoch’s account. Neville Thurlbeck surmised in written evidence that “if Mr Murdoch had been told of the existence of the email, he would have asked questions of me. He didn’t”.<sup>239</sup> Similarly, a note taken by Julian Pike of a telephone call that he had with Colin Myler on 27 May 2008 finished with “Les no longer here—James wld say get rid of them—cut out cancer”.<sup>240</sup> The conditional statement “James wld say” shows that Colin Myler was indicating the reaction James Murdoch would have if he knew: Colin Myler thought that, if James Murdoch had been aware of a problem, he would have insisted on cutting out “the cancer” and dismissing those involved. James Murdoch himself suggested this interpretation, telling us on 10 November that the note “shows that perhaps [Colin Myler] was worried about raising these issues with me, because I would have said, ‘get rid of them all’, and I would have said ‘Cut out the cancer’—i.e. people who are suspected of wrongdoing, we would pursue and hold accountable. That was the way that I would approach it”.<sup>241</sup> This is not what happened at the conclusion of the Gordon Taylor case but

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233 Q 1483

234 Q 1483

235 Q 231

236 Q 1582

237 Q 1582

238 Q 1583

239 Ev 260

240 Ev 242

241 Q 1519

nothing definitive can be concluded from this. It can support, indeed, a number of interpretations: that James Murdoch was not fully informed about the extent of wrongdoing; that both Neville Thurlbeck and Colin Myler were wrong about the hard line that James Murdoch might have taken; or that he was informed, but his priorities lay elsewhere and he left Colin Myler to deal with the issue as the new editor of the newspaper.

152. We gave Tom Crone and Colin Myler numerous opportunities to explain that they had either shown James Murdoch the ‘for Neville’ e-mail or made explicit its implications for the company. They failed to state directly that they had done either of these things. Indeed, on 6 September 2011 there was a lengthy exchange when we asked both witnesses explicitly to state for the record that they had made sure in June 2008 that James Murdoch understood the wider significance of the document. In response, Tom Crone could only tell us that “he was made aware, as I have said, of the document”.<sup>242</sup> He added that he had “told [James Murdoch] about the document, and the effect of that document clearly is that it goes beyond Clive Goodman”. Even after a lengthy thread of questions designed to elicit an answer on this specific point, Tom Crone would not say that he had made the effect of the ‘for Neville’ e-mail explicit to James Murdoch.<sup>243</sup>

153. When asked whether there had been any ambiguity surrounding the significance of the document in June 2008, Colin Myler responded that:

I think there is no ambiguity in the significance of the document that the police had provided to Mr Taylor’s legal team. Outside senior counsel, outside junior counsel, our outside lawyers, and Mr Crone all agreed that the significance of this document meant that there were essentially two choices: either settle the case or fight the case, and fighting the case would have meant going to a trial. So, in that respect, I do not believe there was any ambiguity. The significance of the document being produced was, I think, quite clear, to be fair.<sup>244</sup>

154. That particular answer could be considered to be evasive: Colin Myler was willing to assert that the significance of the e-mail was understood insofar as it related to the Gordon Taylor case, but not in terms of its wider ramifications for the company. He was also willing to state that he was certain that various third parties had understood the document’s significance, but not James Murdoch. Indeed, he later stated that “I cannot speak for Mr Murdoch’s recollection of this, and I cannot speak for Mr Murdoch’s view that he took away from that meeting”.<sup>245</sup>

155. Under oath at the Leveson inquiry, however, Tom Crone insisted he had indeed shown James Murdoch the ‘for Neville’ e-mail: ‘I’m pretty sure I held up the front page of the e-mail....I’m also pretty sure that he already knew about it.’

156. At the inquiry, Tom Crone also went further. Before Rhodri Davies QC, counsel for News International, cut the interrogation short, on the grounds that the company had not waived legal privilege, Tom Crone said that the Silverleaf opinion had also been discussed:

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242 Q 895

243 Q 897

244 Q 905

245 Q 910

I think I certainly took a copy and possibly spare copies of the opinion. I probably took the pleadings, because that certainly is what I would normally do. And I think I took a copy plus spare copies of the front page of the 'For Neville' email.

What was certainly discussed was the e-mail. Not described as 'for Neville', but the damning email and what it meant in terms of further involvement in phone-hacking beyond Goodman and Mulcaire. And what was relayed to Mr Murdoch was that this document clearly was direct and hard evidence of that being the case. At the same time, I think I must have referred at some stage to Operation Motorman, because that would explain the quite hard references in senior counsel's opinion.<sup>246</sup>

157. In testimony to the Leveson inquiry, James Murdoch also said of the conversation with Colin Myler on 27 May 2008 (which neither of them could recall, but which was referred to in the file note made by Julian Pike):

The note suggests that the conversation was brief. It records the outcome of the discussion as being 'wait for the silks [sic] view', so it is likely that, if the conversation took place, I would have suggested postponing any further discussion until we had advice from the QC. This is consistent with my recollection that the decision was based on advice from external counsel.<sup>247</sup>

158. Again, the fact that James Murdoch was awaiting the Silverleaf opinion proves nothing definitively one way or the other as to what he was shown, or of what he was made aware. It would be surprising in the circumstances, however, if it had not been discussed in some form. Whatever the reliability of other evidence given by Tom Crone, it is also unlikely that an in-house lawyer would go into such a meeting empty-handed. What we are being asked to believe by James Murdoch, however, was that he was neither told, nor asked to see, the essentials of the opinion he was waiting for. Once again, his and Tom Crone's accounts regarding the Silverleaf opinion are contradictory.

159. **Tom Crone has given conflicting accounts as to whether he showed James Murdoch the 'for Neville' email, while James Murdoch has been consistent in insisting that he did not see a copy of the document until he saw the redacted version published in the Committee's 2010 Report on *Press standards, privacy and libel*. Whilst this may seem surprising in itself—as the email had been widely published during the summer of 2009—it is possible that he did not see a copy at the time the Gordon Taylor settlement was agreed. Given the conflicting accounts, however—and the reliability of evidence we have been given previously by witnesses from News International—the reality is that we cannot come to a definitive conclusion, one way or the other.**

160. **Surprising as it may seem that James Murdoch did not ask to see this crucial piece of evidence, nor the independent Counsel's opinion, his lack of curiosity—but wilful ignorance even—subsequently is more astonishing. This stretched from July 2009—when the 'for Neville' e-mail first became public—through the Committee's critical report in February 2010 and further allegations in the *New York Times* in September 2010, to as far out as December 2010, when disclosures in the Sienna Miller case finally**

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246 Evidence of Tom Crone to the Leveson inquiry, pages 38-40, 14 December, 2011

247 Witness statement of James Rupert Jacob Murdoch to the Leveson inquiry, para 16.4, 16 April 2012

led him to realise, according to his own account, that the ‘one rogue reporter’ defence was untenable.

161. In 2009 Tom Crone and Colin Myler asserted that they had investigated the ‘for Neville’ e-mail and that there was no concrete evidence to support the allegation that journalists other than Clive Goodman had been involved in phone-hacking. If they admitted to us that in 2008 they had made James Murdoch aware of the serious implications of the e-mail, they would have had to admit to having misled the Committee. They clearly did not tell truth to us then. Though their evidence has been demonstrably unreliable in other respects, however, it does not necessarily follow that they are not telling the truth with respect to James Murdoch and the ‘for Neville’ e-mail and Silverleaf opinion. We simply cannot adjudicate with confidence either way and suspect, as with so much to do with the phone-hacking saga, that more light will be shone on this as more documents and evidence emerge in the future. We may well revisit our conclusions in this Report if more information, currently subject to criminal proceedings or subject to legal privilege which has not been waived, is disclosed.

162. James Murdoch told us that, with the benefit of hindsight, News International should have taken note of the Committee’s 2010 *Press standards, privacy and libel* Report and investigated the provenance of the ‘for Neville’ e-mail more thoroughly. He also expressed regret that the company had moved to an “aggressive defence” so quickly. We would add to these admissions that, as the head of a journalistic enterprise, we are astonished that James Murdoch did not seek more information or ask to see the evidence and counsel’s opinion when he was briefed by Tom Crone and Colin Myler on the Gordon Taylor case. Even for a large company, £700,000 is a not inconsequential sum of money, and it is extraordinary that the Chief Executive should authorise its payment on the basis of such scant information. If he did, indeed, not ask to see either document, particularly the counsel’s opinion, this clearly raises questions of competence on the part of News International’s then Chairman and Chief Executive.

163. There is, however, a bigger picture—and longer timeframe—that is relevant beyond the Gordon Taylor settlement. Not specifically being shown evidence, nor asking to see it, nor discussing explicitly its ramifications is not the same as not being aware. From the conflicting accounts, and despite our surprise, we cannot say whether in 2008 James Murdoch was aware of the significance of the Taylor case, or of the importance attached by his executives to it being settled in confidence. We have been told that, notwithstanding our 2010 Report, the further media investigations including the New York Times, the settlement with Max Clifford and further civil cases by non-royal victims, it was as late as December 2010 that James Murdoch—and Rupert Murdoch—realised that the one ‘rogue reporter’ line was untrue. This, we consider, to be simply astonishing.

**Further evidence received**

164. Mark Lewis claimed in written evidence that he was told by Julian Pike that, in negotiating the Gordon Taylor settlement, he was “negotiating with Murdoch”.<sup>248</sup> Farrer & Co denied that the remark was made:

Mr Pike does not recall making the statement Mr Lewis claims to have been made, nor anything similar to it. [...] As a matter of fact, in Mr Taylor’s case, Mr Lewis was not negotiating with Mr Murdoch; he was negotiating with Farrer & Co, and specifically with Mr Pike. In turn, Mr Pike obtained instructions from Mr Crone. Mr Pike never had any contact with Rupert and James Murdoch regarding the settlement negotiations.<sup>249</sup>

165. The Committee invited both Mark Lewis and Julian Pike to give oral evidence but neither of them altered their positions. Mark Lewis told the Committee that “I think James Murdoch would like to give you the impression that he is mildly incompetent rather than thoroughly dishonest”.<sup>250</sup> James Murdoch claimed not to have had any involvement in the final decision about the settlement amount: “as far as I can recall, I authorised Messrs Tom Crone and Colin Myler at the meeting of 10 June 2008 to go ahead and negotiate a settlement. [...] it is possible, although I do not recall it, that someone may have given me a brief update subsequently as to the amount of the final settlement”.<sup>251</sup> Tom Crone’s account stated that “he certainly authorised us to settle at the best figure we could reach”.<sup>252</sup> Julian Pike told the Committee that “I know that in this particular case, because it was anticipated that damages would reach a level which Mr Crone did not have authority to sign off on, then [...] he would need to go and get Mr Murdoch’s approval”.<sup>253</sup> Julian Pike later indicated that he had been given the authority that Tom Crone had sought from James Murdoch to increase the settlement amount on “around about 10 June, which is the date of the Colin Myler and Tom Crone meeting with James Murdoch”.<sup>254</sup>

166. Given the conflicting accounts—and there have been many regarding chance, off-the-cuff, undocumented remarks during our inquiries—we cannot adjudicate whether Gordon Taylor’s solicitor Mark Lewis was told by Farrer & Co that he was ‘negotiating with Murdoch’. In any event, it is a red herring. Given the sums claimed, and NGN lawyer Tom Crone’s £10,000 authorisation limit, it was James Murdoch—as with Les Hinton before over Clive Goodman’s pay-off—who gave final authorisation for the payments.

167. James Murdoch told the Committee that the first time that the existence or significance of the ‘for Neville’ e-mail was brought to his attention was on 10 June 2008: “I was briefed by Mr Crone and Mr Myler on the status of the case on 10 June 2008 at a meeting in my offices in Wapping”.<sup>255</sup> Tom Crone’s recollection was less definite: “I cannot

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248 Ev 221

249 Ev 225

250 Q 1279

251 Ev 173, para 11

252 Q 807

253 Q 1063

254 Q 1128

255 Ev 173, para 11

remember the exact date but I believe the meeting at which I informed Mr James Murdoch of the 'for Neville' email was in June 2008".<sup>256</sup> Murdoch thought that the meeting took "less than 30 minutes" and Tom Crone thought that it took "no more than 15 minutes".<sup>257</sup>

168. Subsequent evidence from Julian Pike suggested that the 'for Neville' e-mail may have been brought to James Murdoch's attention before 10 June 2008, at a meeting with Colin Myler on 27 May 2008:

on 27 May 2008, Colin Myler had a meeting with James Murdoch, which I know took place for two reasons. First, three days earlier, on 24 May, I was copied in on a briefing that Tom Crone had given to Colin Myler about that meeting. Secondly, after the meeting, I was telephoned by Colin Myler, who told me that it had taken place, and that they wanted to wait until they had counsel's advice.<sup>258</sup>

This difference of a fortnight is significant because, if James Murdoch had been considering the matter of the settlement and associated evidence for any significant period of time, it would undermine his claim not to have given the matter much thought.

169. Neither James Murdoch nor Colin Myler had any recollection of a meeting taking place on 27 May 2008.<sup>259</sup> James Murdoch stated that "I am aware of the note of a conversation with Mr Myler. Neither Mr Myler nor I recall that conversation. A conversation or a telephone call could have happened, but I neither accept nor deny that it occurred. I have no recollection of it".<sup>260</sup> Julian Pike's note of a telephone conversation he had with Colin Myler that took place on 27 May 2008, however, contained the words "spoke to James Murdoch".<sup>261</sup> Similarly, Tom Crone's briefing note of 24 May 2008 seems to have been prepared for the express purpose of a conversation between Colin Myler and James Murdoch anticipated for 27 May.

170. We have had confidential sight of James Murdoch's diary from the period in question and confirm that the only appointment that appeared in it that related to the Gordon Taylor case was a meeting on 10 June 2008, listed simply as "Colin Myler & Tom Crone" and scheduled to last from 5.15 until 5.45 p.m. There is nothing related to the Gordon Taylor case listed in the diary for 27 May 2008, although there are three gaps of up to an hour each in the schedule when an impromptu meeting or conversation could have taken place.

171. In December 2011, further evidence emerged to support the contention that James Murdoch had been briefed on the Gordon Taylor case prior to the meeting that took place on 10 June 2008.<sup>262</sup> On 7 June 2008, Colin Myler sent him an e-mail, which purported to be an "update on the Gordon Taylor (Professional Football Association) case". Colin Myler summarised that "unfortunately it is as bad as we feared". The e-mail goes on to comment

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<sup>256</sup> Ev 200

<sup>257</sup> Ev 173, para 11 and Ev 200

<sup>258</sup> Q 1117

<sup>259</sup> Ev 238

<sup>260</sup> Q 1493

<sup>261</sup> Ev 242

<sup>262</sup> Ev 273

on Gordon Taylor's "vindictiveness" and Colin Myler requests a meeting with Murdoch the following Tuesday (10 June 2008). A thread of e-mails between Julian Pike, Tom Crone and Colin Myler is appended. The e-mails discuss the case in some detail and make glancing reference to "the Ross Hindley ['for Neville'] e-mail".<sup>263</sup> James Murdoch briefly replied to the e-mail within three minutes of receiving it: "no worries. I am in during the afternoon, if you want to talk before I'll be home tonight after seven and most of the day tomorrow".<sup>264</sup>

172. On the one hand, Colin Myler's e-mail to James Murdoch implies some familiarity with the Gordon Taylor case on James Murdoch's part. It describes itself as an "update", which suggests an earlier conversation, and refers to the situation being as bad as "we" feared. Anyone reading the appended thread of e-mails would have been made aware that Tom Crone was proposing a defence to the claim "that we knew of and made use of the voicemail information Glenn Mulcaire acquired [sic] between Feb and July 2005". They would have also gleaned that there was a tape on which Glenn Mulcaire was heard "instructing someone on how to get into Taylor's voicemail".<sup>265</sup> On the other hand, Colin Myler clearly did not think that James Murdoch would know what the Gordon Taylor case was without the addition of "Professional Football Association" in parentheses afterwards, suggesting only glancing familiarity with it. Similarly, the "we" in Colin Myler's second sentence could be taken to refer either to Colin Myler and James Murdoch or to Colin Myler, Tom Crone and Julian Pike. The "update" would tend to support the existence of a brief meeting or discussion which took place on 27 May 2008.

173. The email of 7 June 2008 from Colin Myler to James Murdoch was disclosed to the Committee by Linklaters solicitors, acting for News Corporation, on 12 December 2011, and contained a chain of emails regarding the Gordon Taylor case. It was provided to James Murdoch five days previously and, in his letter of the same date, he said he had not read the underlying chain before granting Colin Myler a meeting within minutes of receiving it. The date of the email was a Saturday, which is significant in two respects: it was press day for the *News of the World*, a busy time for the Editor; but, as it was a weekend, James Murdoch would not necessarily have been working. Indeed in his letter to the Committee, dated 12 March 2012, he reiterates that he only read the request for a meeting and did not read the full email chain as 'this was because it was received on a Saturday afternoon when I was likely alone with my two young children'.<sup>266</sup>

**174. The fact that James Murdoch responded within three minutes to an email, on a Saturday—7 June 2008—from Colin Myler granting him a meeting the following Tuesday over the Gordon Taylor case proves nothing one way or the other about James Murdoch's awareness of the wider significance of the Gordon Taylor claim.**

**175. James Murdoch, Tom Crone, Colin Myler and Julian Pike all agree that James Murdoch was briefed on the Gordon Taylor case on 10 June 2008. The fact that all witnesses agreed that the 10 June 2008 meeting only lasted in the region of 15 minutes**

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263 Ev 273

264 Ev 271

265 Ev 272

266 Ev 289

would tend to support the assumption that the matter was disposed of relatively straightforwardly.

176. Neither James Murdoch nor Colin Myler has any recollection of a conversation that took place between them on 27 May 2008. James Murdoch's diary confirms that no formal meeting was scheduled to occur on that day. It is possible that a more informal and impromptu conversation took place. Indeed, there would be no reason for Tom Crone's briefing note to exist at all if it had not been Colin Myler's intention to speak to James Murdoch. It would also be difficult to explain the reference in Julian Pike's notes to a conversation between James Murdoch and Colin Myler unless Colin Myler had lied to Pike about a conversation having taken place. It is difficult to understand what possible motive he could have had for doing so.

177. The e-mail exchange that took place on 7 June 2008 demonstrates that James Murdoch was given the opportunity to appraise himself of the Gordon Taylor case and to make himself aware of its significance. Had he read the e-mail chain properly he ought to have asked searching questions of Colin Myler and Tom Crone. If he did not read the e-mail chain, there is no good excuse for this and it betrays an astonishing lack of curiosity on the part of a Chief Executive. Had James Murdoch been more attentive to the correspondence that he received at the time, he could have taken action on phone-hacking in 2008 and this Committee could have been told the truth in 2009. We have, however, seen no firm evidence that James Murdoch had any significant involvement in negotiating the Gordon Taylor settlement until he authorised the increased settlement amount on 10 June 2008.

### **Evidence from the Clifford and subsequent settlements**

178. Shortly after the publication of our Report, *Press standards, privacy and libel*, in February 2010, NGN settled out of court a claim brought against it by Max Clifford. This was, as far as we are aware, the next settlement of a civil action after those reached with Gordon Taylor, his colleague Jo Armstrong and John Hewison, a partner with George Davies Solicitors, and the second claim to have been brought by one of the individuals named as a target in the criminal case in which Clive Goodman and Glenn Mulcaire were jailed.

179. The Max Clifford case is significant to us because of its timing, when the *News of the World* and News International were still vigorously defending themselves against allegations that they had known that phone-hacking was not confined to a single 'rogue reporter'. It also has significance because negotiation of the settlement was conducted by Rebekah Brooks, who had become chief executive of News International in September, 2009 (while James Murdoch remained as News International's chairman). Like Gordon Taylor, Max Clifford was not a member of the royal household and was unlikely to have been of professional interest to Clive Goodman.

180. Max Clifford settled his claim out-of-court and in confidence, though he did supply disclosures subsequently to the Metropolitan police. In view of the arrest of Rebekah Brooks, we have not sought to probe extensively, so as to not risk prejudicing any future trial. We cannot ignore, however, the basic facts of the case, which are on the public record and which are relevant to our inquiry.



181. On his second appearance to give evidence, on 10 November 2011, James Murdoch told us he was neither involved in, nor authorised the settlement with Max Clifford, which was handled by Rebekah Brooks "...it was discussed with me in general terms, but not from an authorisation perspective. As the chief executive of the business with full day-to-day responsibility, she could make those judgments,"<sup>267</sup> he told the Committee. Unlike in the Gordon Taylor case, James Murdoch and the company declined to waive legal, professional privilege, even to a limited extent, to better help our understanding. In response to a letter from the Committee to James Murdoch dated 22 November 2011, however, the newly-created Management and Standards Committee at News Corporation did supply us with some information in relation to the Clifford case:

- **July 2009.** Max Clifford initiated legal proceedings against NGN and Glenn Mulcaire.
- **October 2009.** A defence was filed by NGN.
- **Early January 2010.** Michael Silverleaf QC was retained to advise on Max Clifford's claims and the case was discussed with him in a conference in early January 2010. He did not provide a formal written opinion.
- **February 2010.** An agreement was reached between Rebekah Brooks and Max Clifford but this was not on the basis of advice from Michael Silverleaf QC. According to the Management and Standards Committee, the agreement reached specified that Max Clifford would recommence his relationship with NGN and would be paid a retainer of £200,000 per annum for two years in return for assistance with news stories. NGN also paid his legal costs, which amounted to £253,500 plus VAT.<sup>268</sup>

182. The Management and Standards Committee also said that Jonathan Chapman was involved in 'internal discussions concerning the Clifford case,' while in a follow-up letter Colin Myler said Tom Crone and Julian Pike were also involved in giving Rebekah Brooks advice.<sup>269 270</sup> We have not received any evidence that anyone other than Rebekah Brooks was involved in negotiating its settlement on behalf of NGN.

183. Notwithstanding her role in settling Max Clifford's claim and our 2010 Report, in evidence on 9 July 2011 Rebekah Brooks told us that—like James Murdoch—she only realised in the final days of 2010 that the 'one rogue reporter' defence was untrue.

Everyone at News International has great respect for Parliament and for this Committee. Of course, to be criticised by your Report was something that we responded to. We looked at the report. It was only when we had the information in December 2010 that we did something about it.<sup>271</sup>

184. We subsequently wrote to Rebekah Brooks asking further questions about the Clifford settlement, but she declined to answer on the basis that the circumstances of the case were

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267 Q 17

268 Ev 263

269 Ev 257

270 Tom Crone declined to give any further details unless NGN waived legal professional privilege, which—unlike in the Gordon Taylor case—it did not; Ev 269

271 Q 559

of interest to the Metropolitan Police.<sup>272</sup> The Management and Standards Committee also cited similar concerns.<sup>273</sup> Following his settlement, Max Clifford also passed evidence in his possession to the police. This has not been volunteered to the Committee and, given the police investigation, the Committee decided not to press Max Clifford further over this.

185. The settlement with Max Clifford certainly did not draw a line under the affair—far from it. During 2010, eight further claims were issued; and by October 2011, the number had escalated to 65.

186. A claim by the designer Kelly Hoppen, in March 2010, was the first from a victim not named in the criminal charges. She also alleged that hacking had continued in 2009-10, long after the criminal convictions. As well as NGN and Glenn Mulcaire, she sued Dan Evans, another *News of the World* journalist (who was suspended in April 2010 and later arrested). The claim was settled in October 2011, after NGN paid £60,000 in damages, plus legal costs.

187. The case brought by Kelly Hoppen's step-daughter, the actress Sienna Miller, is—by Rebekah Brooks' and James Murdoch's admission—particularly significant. Following a court order forcing the Metropolitan Police to provide unredacted disclosures from Glenn Mulcaire's notebooks, her letter before action was sent to NGN on 6 September, 2010.

188. She alleged that three of her phones, and those of friends and her publicist, were hacked from January 2005 to August 2006 as part of an exercise called 'Project Sienna Miller'. The claim stated that from January 2005, NGN agreed a scheme with Glenn Mulcaire whereby 'he would, on their behalf, obtain information on individuals relating to the following: 'Political, Royal, Showbiz/Entertainment' and that he would use electronic intelligence and eaves-dropping in order to obtain this information. He also agreed to provide daily transcripts.<sup>274</sup>

189. The particulars also described Glenn Mulcaire's alleged *modus operandi*, in which he would mark the first names of his journalist contacts in the top left hand corner of the pages of his notebooks. From the pages disclosed by the police, Sienna Miller's lawyers inferred the involvement of a named, senior *News of the World* journalist, who was not Clive Goodman. These disclosures were provided by Sienna Miller's lawyers to NGN in December, 2010.

190. NGN eventually admitted liability in Sienna Miller's case in May 2011, agreeing to pay £100,000 damages, plus legal costs. In February, 2011, however—despite the disclosures in December—NGN still served a defence, stating Clive Goodman had a "direct and personal and clandestine relationship" with Glenn Mulcaire and denying its journalists had authorised Glenn Mulcaire to hack into voicemails; that it could be inferred that the other named, senior journalist had been involved; and that the personal stories cited came from "independent (and confidential) sources". NGN also denied that its conduct amounted to harassment and that, in any event, its "course of conduct was, in all the circumstances, reasonable".

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272 Ev 266

273 Ev 263

274 *Sienna Miller v Newsgroup Newspapers Ltd and Glenn Mulcaire*, Claim No. HC10C03458

191. We comment further on this defence with respect to News International in the next section.<sup>275</sup>

192. In January and February 2012, all but five of the first wave of claims were settled under a case management procedure overseen in the High Court by Mr Justice Vos. Admissions made by NGN show that hacking started long before 2005. Glenn Mulcaire had been working with the newspaper from 1998 and by February, 2005 had signed at least five agreements for his services. But the practice appears to have escalated substantially between 2005 and 2006.

193. At least three of the victims were targeted from 2001-2002: Guy Pelly, a friend of Prince Harry; the singer Charlotte Church; and Claire Ward, the former Member of Parliament for Watford and then a member of this Committee.

194. Chris Bryant, MP for the Rhondda and another Member of this Committee at the time, was targeted from 2003, and victims in 2004 included Christopher Shipman, son of the serial killer Harold Shipman, whose e-mails were also hacked by Glenn Mulcaire. Victims during the escalation between 2005 and 2006 included Deputy Prime Minister John Prescott, former Olympics minister Tessa Jowell, and rugby and football players Gavin Henson and Ashley Cole.

195. The final case to be settled so far, that of Charlotte Church and of her family in February 2012, involved the biggest publicly announced settlement—£600,000 in all. Charlotte had been targeted since 2002, when she was just 16, and her parents James and Maria Church, too. The illegal interception—as well as the wider harassment to which it contributed—had lasting and damaging consequences:

‘People working for the *News of the World* were paid to watch their every move,’ the agreed Statement in Open Court related. ‘Maria in particular is a vulnerable person, with a complex medical history. The *News of the World* found out about this and published private details of her hospital treatment. At her lowest moment, the *News of the World* issued her with an ultimatum and coerced her into giving them an in depth interview about herself harming and attempted suicide. She felt she had no choice...and was deeply traumatised by the publication of the story in the *News of the World*.’<sup>276</sup>

196. In December 2011, before the settlements, NGN finally admitted that Glenn Mulcaire had helped *News of the World* journalists to hack voicemails themselves; that four employees—other than Clive Goodman—had instructed him to do so ‘on a large but unquantifiable number of occasions’; and that his services were known about by other employees of NGN.

197. These names are contained in confidential schedules to the civil claims, which Mr Justice Vos has ordered not to be published, so as not to prejudice possible future criminal trials.

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275 *Sienna Miller v Newsgroup Newspapers Ltd and Glenn Mulcaire*, Claim No. HC10C03458, Particulars of Claim, 29 November 2010, and NGN Defence, 9 February, 2011

276 *Charlotte Church, James Church and Maria Church v News Group Newspapers Ltd and Glenn Mulcaire*, Claim No. HC11C03393, Statement in Open Court, 27 February 2012

198. For the purposes of assessing aggravated damages in the civil claims, NGN also agreed that the cases could proceed on the basis that unnamed ‘senior employees and directors’ of NGN knew of the wrongdoing and sought to conceal it by knowingly putting out false public statements; deliberately failing to provide the police with all the facts; by deceiving the police over payments to Glenn Mulcaire; and destroying evidence, including e-mails and computers.<sup>277</sup>

199. In January 2012, in a judgment ordering further disclosures by NGN, Mr Justice Vos commented, indeed, on what he had now seen regarding the alleged destruction of evidence:

I have been shown a number of emails which are confidential and therefore I will not read them out, but suffice it to say that they show a rather startling approach to the email record of NGN and they show, because this much has been said in open court, that only three days after the solicitors for Sienna Miller had written their letter before action, asking specifically that NGN should retain any emails concerned with the claim in relation to phone hacking, what happened was that a previously conceived plan to delete emails was put into effect at the behest of senior management.<sup>278</sup>

200. **From the civil claims to date, it is clear that phone-hacking at the *News of the World* started as far back as 2001. Given the confidentiality of disclosures in the civil cases and the wishes of Mr Justice Vos not to reveal names before possible criminal proceedings, we only set out certain of the facts which are on the public record, as we have gathered them, in order to bring this Report up to date. The Metropolitan Police are currently investigating and we also do not wish to run the risk of prejudicing any future trials by going beyond what is already publicly available.**

### **The corporate culture at News International**

201. In November 2011, James Murdoch asserted that News International had responded so aggressively to the Committee’s 2010 Report because senior company executives had themselves been misled: “I received the same assertions around the quality of those investigations and the lack of evidence that this Committee received, and that’s something that is a matter of regret”.<sup>279</sup> On 19 July 2011, a similar view had been expressed by Rupert Murdoch, who told us that “I feel that people I trusted—I am not saying who, and I don’t know what level—have let me down. I think that they behaved disgracefully and betrayed the company and me”.<sup>280</sup> Jonathan Chapman, formerly Director of Legal Affairs, told us that, in terms of knowledge held by Rupert and James Murdoch and Rebekah Brooks about payments made to Clive Goodman:

None of them had any first-hand knowledge of that. Mr Murdoch junior and senior were out of the country, and had not taken on executive obligations then—in Mr

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277 *Various Claimants v News Group Newspapers Ltd and Glenn Michael Mulcaire*, Admission of Facts, Notice to Admit Facts and Generic Particulars of Claim, 13 December 2011

278 *Various Claimants v News Group Newspapers Ltd and Glenn Michael Mulcaire* [2012] EWHC 88 (Ch), 19 January 2012

279 Q 1481

280 Q 412

James Murdoch's case—and Rebekah Brooks was still editor then. In order for them to be able to comment in any way on what happened in 2007, they would be reliant on briefings from others, and I believe those briefings were incorrect.<sup>281</sup>

202. Jonathan Chapman's account appears consistent with the corporate culture that was portrayed to us throughout our investigation. Rupert Murdoch explained his claimed lack of direct involvement in the News Group Newspaper titles as follows: "the *News of the World* is less than 1% of our company. I employ 53,000 people around the world".<sup>282</sup> In November 2011, James Murdoch said that "this is a company of over 50,000 employees globally, and—appropriately so—senior management in the company, myself included, rely on executives at various levels in the business to behave in a certain way".<sup>283</sup> When asked who he held responsible for phone-hacking, Rupert Murdoch said "the people that I trusted to run it [the company], and then maybe the people they trusted. I worked with Mr Hinton for 52 years and I would trust him with my life".<sup>284</sup>

203. Delegation relies on trust and on the integrity of those to whom authority is delegated. Of News International, James Murdoch told us that:

The way that the company has always operated is to rely on executives directly responsible for a unit of the business—a paper, etc.—to go and do the things that they needed to do, under the assumption that they would be appropriate and lawful, and that they would be questioned from time to time, and come to senior management with issues.<sup>285</sup>

204. The same principle was, we were told, in operation at the company when it came to expenditure. On 19 July 2011, James Murdoch told us that "as long as they stay within those guidelines, the belief is that they should be empowered to make those judgments, to spend those moneys and achieve the ends that they can".<sup>286</sup> Individual papers were described as functioning in the same way. Rebekah Brooks, for example, told us that "I think the newsroom of any newspaper is based on trust. [...] You rely on the people who work for you to behave in a proper manner, and you rely on the clarity of information that you are given at the time".<sup>287</sup>

205. The evidence we have taken on the corporate culture of News International suggests that Rupert and James Murdoch not only delegated authority to those beneath them but also actively kept out of their business affairs. In July 2011, Rupert Murdoch told us, for example, that "sometimes, I would ring the editor of the *News of the World* on a Saturday night and say, 'Have you got any news tonight?' But it was just to keep in touch. [...] I'm not really in touch, I have got to tell you that".<sup>288</sup> He claimed that his habit of being out of

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281 Q 707

282 Q 167

283 Q 1482

284 Q 231

285 Q 1590

286 Q 243

287 Q 542

288 Q 274

touch extended even to being unaware of payments as significant as that made to Gordon Taylor. We asked him whether the Editor of the *News of the World* would have told him about a payoff of £1 million. He answered emphatically “no” and then “he would expect other people to tell me that, if anyone was to”.<sup>289</sup> We were curious as to whether this amounted to senior executives being kept in the dark. Rupert Murdoch told us that “nobody has kept me in the dark. I may have been lax in not asking more, but it was such a tiny part of our business”.<sup>290</sup> James Murdoch told us that “there is a difference between being kept in the dark, and a company that is a large company, the management of which is delegated to managers of different companies within the group, and so on and so forth”.<sup>291</sup>

206. The Gordon Taylor settlement was sizeable (approximately £700,000), and the claims made by Gordon Taylor had potentially very serious reputational consequences for the company. However keen senior executives may have been to delegate, it seems extraordinary that they would not have sought greater involvement in the decisions that were made given how much was at stake for the company. Yet we have been told that this is precisely what happened. Rupert Murdoch was apparently completely unaware of the Gordon Taylor settlement. James Murdoch, we have been told, authorised the settlement on the basis of a possible rushed conversation in the corridor or over the phone; a single meeting that lasted between 15 and 30 minutes; and an e-mail exchange that he took no longer than three minutes to peruse.

207. We have struggled to understand such a lack of openness with senior management and have considered whether it can be explained by a deliberate policy of “don’t ask, don’t tell” designed to shield senior executives from events taking place beneath them. This hypothesis is given weight by Neville Thurlbeck’s evidence to the Committee, in which he describes being frustrated by trying to bring evidence about phone-hacking to the attention of Rebekah Brooks, by then Editor of the *News of the World*, and allegedly being repeatedly denied access to her by the Managing Editor, Bill Akass.<sup>292</sup> A note made by solicitor Julian Pike of Farrer & Co of a conversation that he had with Colin Myler on 27 May 2008 illustrates just how reluctant senior employees at the company may have been to approach James Murdoch. In the note, Colin Myler is reported as saying “James wld say get rid of them—cut out the cancer”.<sup>293</sup> The use of the conditional tense is noteworthy because it shows that the issue in hand—the possible culpability of journalists at the *News of the World*—may not have been explicitly brought to James Murdoch’s attention before the meeting on 10 June 2008, perhaps in order to avoid the consequences that might ensue if it had been. In September 2011, we also heard from Jonathan Chapman that on the papers at News International “when someone messes up badly and commits a crime, I think there was also a feeling that, yes, they have done a terrible wrong, but their family should not suffer”, in other words that the cancer should not always be cut out.<sup>294</sup> We considered

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289 Qq 282-283

290 Q 370

291 Q 372

292 Ev 260

293 Ev 242

294 Q 701

whether employees at News International went out of their way to try to please the Murdoch family. On 19 July 2011, Rupert Murdoch told us that “I am sure there may be people who try to please me. That could be human nature, and it’s up to me to see through that”.<sup>295</sup>

208. Both Rupert and James Murdoch referred several times to their high expectations of Colin Myler, who was appointed as Editor of the *News of the World* after Andy Coulson’s resignation with, as Rupert Murdoch put it, a remit “to find out what the hell was going on”.<sup>296</sup> James Murdoch described Colin Myler as “an outside person who had a responsibility and remit to both clean up and investigate the issue, and move the company and the newspaper forward in a way that made sure that these things could not happen again”.<sup>297</sup> Similarly, in September 2009, Les Hinton had told the Committee that “Colin had come in from New York, a very experienced editor with a clear remit to do two things: make sure that any previous misconduct was identified and acted upon and that the prospect of any future misconduct would be ruled out”.<sup>298</sup> Clearly, Colin Myler did, partially at least, ‘find out what the hell was going on’ and it has been a matter of dispute between him and Tom Crone on the one hand and James Murdoch on the other as to whether a culture of wrongdoing at the *News of the World* was explicitly brought to the attention of executives outside the confines of the newspaper. It seems to us on balance, therefore, that Les Hinton’s subsequent description of Colin Myler’s role in his evidence to the Committee in October 2011 was more accurate when he said that ‘he would just settle down the company and get people back on track’. Within the corporate culture of News International, it seems clear to us that there were no incentives to convey unwelcome news, if problems could be contained—as the company clearly thought they largely had been, indeed, through the confidential settlements of the claims brought by Gordon Taylor, Jo Armstrong, John Hewison and Max Clifford.

209. The portrayal, furthermore, that we have been given to believe, of Rupert and James Murdoch being at one remove from events at the *News of the World*, as it was such a small part of the global News Corporation empire, is at odds with other evidence we have received, and which has been subsequently given to the Leveson inquiry.

210. Rupert Murdoch is certainly not, as part of his evidence would have us believe, a ‘hands-off proprietor’. We have Rebekah Brooks’ testimony for that:

Q549. Philip Davies: How many times would you speak to Rupert Murdoch when you were chief executive of News International?

Rebekah Brooks: I would speak to Mr Murdoch and James Murdoch much more regularly since I have become chief executive than I did when I was editor.

Q550. Philip Davies: Once a day? Twice a day?

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295 Q 383

296 Q 366

297 Q 1479

298 *Press standards, privacy and libel*, Volume II, Q 2110

Rebekah Brooks: James Murdoch and I have offices next to each other, although he has his travel schedule because of his wide responsibilities, and I would talk to Rupert Murdoch quite regularly.

Q551. Philip Davies: Once a day, twice a day—can you give me any other idea?

Rebekah Brooks: On average, every other day, but pretty regularly.

211. James Murdoch, too, has testified to the Leveson inquiry about his father's role which in February 2012 with respect to launching a replacement for the *News of the World* appears to have extended to bypassing his son entirely, despite his position as Chairman and Chief Executive Officer, International, of News Corporation:

The decision to launch a Sunday edition of The Sun was made by my father, in conjunction with the management of News International. There had previously been discussions about a Sunday paper, but the timing of the launch, the pricing of the paper and the reinstatement of the journalists were all decisions made by my father and the management of News International.<sup>299</sup>

212. Rupert Murdoch's close involvement with his newspapers is entirely understandable: he built his empire from a single publication in Australia and print and ink, it can be said, are in his blood. James Murdoch, clearly, has a different background. Until he took responsibility for all of News Corporation's operations in Europe and Asia, which included News International's print publications, his career had focused on broadcasting and digital media.

213. Nonetheless, though James Murdoch's main interests and priorities may have lain elsewhere, before authorising the Gordon Taylor settlement, he was not content to rely solely on advice from Colin Myler and Tom Crone—two experienced newspaper hands—but wanted to wait for independent counsel's opinion. As we have explored earlier, why then he did not ask to read that opinion is one of the many astonishing things about this whole affair.

214. As for corporate culture, James Murdoch's characterisation of the epiphany moment in December, 2010—when they allegedly realised that the 'one rogue reporter' defence could not be true and leapt into action—is also at odds with the company's behaviour afterwards. Despite contacting the police—and suspending and sacking a senior member of staff—the organisation continued to maintain that no more of its journalists had been involved with Glenn Mulcaire in its defence to Sienna Miller's claim several weeks later in February, 2011.

215. Far from having an epiphany at the end of 2010, the truth, we believe, is that by spring 2011, because of the civil actions, the company finally realised that its containment approach had failed, and that a 'one rogue reporter'—or even 'two rogue journalists'—stance no longer had any shred of credibility. Since then, News Corporation's strategy has been to lay the blame on certain individuals, particularly Colin Myler, Tom Crone and Jonathan Chapman, and lawyers, whilst striving to

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299 Witness statement of James Rupert Jacob Murdoch to the Leveson inquiry, para 20.1, 16 April 2012



protect more senior figures, notably James Murdoch. Colin Myler, Tom Crone and Jonathan Chapman should certainly have acted on information they had about phone-hacking and other wrongdoing, but they cannot be allowed to carry the whole of the blame, as News Corporation has clearly intended. Even if there were a ‘don’t ask, don’t tell’ culture at News International, the whole affair demonstrates huge failings of corporate governance at the company and its parent, News Corporation.

216. The history of the *News of the World* at hearings of the Committee is a long one, characterised by “collective amnesia” and a reluctance fully and fairly to provide the Committee with the information it sought. News International has repeatedly stonewalled, obfuscated and misled and only come clean, reluctantly, when no other course of action was sensible and when its wider commercial interests were threatened. In Rupert Murdoch’s own words to the Leveson inquiry, News Corporation in the UK mounted a cover-up.

217. In any company, the corporate culture comes from the top. In the case of the *News of the World* this is ultimately the American parent company of News International, News Corporation and its chairman and chief executive, Rupert Murdoch. Rupert Murdoch has repeatedly claimed that News Corporation has a zero tolerance approach towards wrongdoing.<sup>300</sup> He stated this, indeed, long before he gave evidence to the committee, when he gave the inaugural Thatcher Lecture in London on 21 October 2010: “we will not tolerate wrongdoing” he told his audience. He also made similar statements at the annual general meeting of News Corporation in Los Angeles in October 2011 when, in relation to phone-hacking, he said there was “no excuse for such unethical behaviour” at the company and that staff had to be “beacons for good, professional and ethical behaviour”.

218. On 8 April 2011, News International finally issued a statement admitting that phone-hacking had indeed occurred in a number of cases and was not restricted to the *News of the World*’s former royal reporter, Clive Goodman. It offered certain civil litigants an unreserved apology and a compensation scheme. At this point, the ‘single rogue reporter’ defence was clearly dead. That defence had become very questionable long before, but now that News International had finally acknowledged that hacking had been widespread, it was clearly no longer tenable.

219. In his testimony to us and also the Leveson inquiry, Rupert Murdoch has demonstrated excellent powers of recall and grasp of detail, when it has suited him. Had he been entirely open with shareholders on 21 October 2010—and with this Committee on 19 July 2011—he would have learned for the first time on some date between 21 October 2010 and 8 April 2011 that he had been misled by senior employees of his company.

220. Such a revelation, had it happened, would have been a shock. He was the chairman and chief executive officer of a major international company. He had repeatedly given clear and categorical assurances to the general public, and to his shareholders, that phone-hacking and other wrongdoing were not widespread and would not be tolerated at News International. These assurances had now turned out to be false. This is not a situation a

chief executive would or could tolerate, still less simply ignore. Action would have been taken.

221. Yet, when asked by the Committee if he “knew for sure in January [2011] that the ‘one rogue reporter’ line was false”, he replied: “I forget the date.”<sup>301</sup> This is barely credible. Had he really learned for the first time at some point in the six months following his Thatcher Lecture that he had been deceived, and so that he in turn had deceived the public and his shareholders, that moment would have been lodged forever in his memory. It would have been an unforgettable piece of information.

222. On the other hand, had he suspected all along that phone-hacking and other wrongdoing was endemic at the *News of the World*—that the means justified the ends in beating the competition and getting the story—and that elaborate, expensive steps were being taken to conceal it, it is entirely understandable that the precise moment between 21 October 2010 and 8 April 2011, when he recognised the game was up, might have slipped his memory. And all the more so, had he already realised the truth long before those dates.

223. In such circumstances, even if he took no part in discussions about what to reveal and when, there would probably not have been a clear moment of revelation. There would have been a gradual erosion of the ‘one rogue reporter’ fiction to the point where a collective decision to abandon it would have been taken. In those circumstances, it would be entirely understandable that he should forget the date, if indeed there was a single date on which the decision was taken, rather than an unfolding contingency plan involving gradual admissions.

224. The notion that—given all that had gone on, right back to evidence given over payments to the police to our predecessor Committee in 2003—a hands-on proprietor like Rupert Murdoch had no inkling that wrongdoing and questionable practice was not widespread at the *News of the World* is simply not credible. Given his evidently fearsome reputation, the reluctance of News International employees to be open and honest internally and in their evidence to the Committee is readily understandable. In assessing their evidence, the culture emanating from the top must be taken into account, and is likely to have had a profound effect on their approach in 2007 and 2009 in evidence given to the Committee.

225. A further example of this culture and Rupert Murdoch and his management’s failure to focus on serious wrongdoing within the organisation was his response to the Committee’s questions about attempts by Neville Thurlbeck, then chief reporter of the *News of the World*, to blackmail two of the women involved in the newspaper’s controversial exposure of Max Mosley’s private life.<sup>302</sup> His reply that this was the first he had heard of this claim and that no one in the UK company had brought the allegation to his attention<sup>303</sup>—if this was indeed the case—indicates a seriously wrong state of affairs in his company. Furthermore, it appears that having had the matter brought to his attention

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301 Q 200

302 Q 173

303 Q 175

during questioning by our committee, he had still not read the Eady judgement by the time he gave evidence to the Leveson inquiry on 26th April 2012.

226. When asked if he agreed with the judge in that case that this “discloses a remarkable state of affairs at News International”, Rupert Murdoch replied “no”.<sup>304</sup> He appeared to see nothing unusual in News International failing to investigate or take action when a senior employee was cited by a High Court judge as resorting to blackmail in the course of his employment. This wilful turning of a blind eye would also explain Rupert Murdoch’s failure to respond (or to have another executive respond) to a letter sent to him in New York by Max Mosley on 10 March 2011, inviting him to order an investigation at News International into the blackmail allegation.<sup>305</sup>

227. Another example of Rupert Murdoch’s toleration of alleged wrongdoing is his reinstatement, on 17 February 2012, of journalists who had been arrested. This is in contrast to most organisations this Committee can think of, which would have suspended such employees until the police had confirmed that no charges were being brought.

228. Rupert Murdoch told this Committee that his alleged lack of oversight of News International and the *News of the World* was due to it being “less than 1% of our company”.<sup>306</sup> This self-portrayal, however, as a hands-off proprietor is entirely at odds with numerous other accounts, including those of previous editors and from Rebekah Brooks, who told us she spoke to Rupert Murdoch regularly and ‘on average, every other day’. It was, indeed, we consider, a misleading account of his involvement and influence with his newspapers.

**229. On the basis of the facts and evidence before the Committee, we conclude that, if at all relevant times Rupert Murdoch did not take steps to become fully informed about phone-hacking, he turned a blind eye and exhibited wilful blindness to what was going on in his companies and publications. This culture, we consider, permeated from the top throughout the organisation and speaks volumes about the lack of effective corporate governance at News Corporation and News International. We conclude, therefore, that Rupert Murdoch is not a fit person to exercise the stewardship of a major international company.**

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304 Q 177

305 Witness statement of Max Rufus Mosley Leveson inquiry, para 124, 31 October 2011 and transcript of evidence to Leveson inquiry, 26th April 2012

306 Q 167

## 5 The hacking of Milly Dowler's telephone

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230. Amanda Dowler, known as "Milly", was a 13 year old girl who went missing on her way home from school in Walton-on-Thames on 21 March 2002. Her body was found on 18 September 2002, and on 23 June 2011 Levi Bellfield was convicted of her murder.

231. When Rebekah Brooks (then Wade) appeared before the Committee in connection with its inquiry into Privacy and Media Intrusion in 2003, she emphasized the sensitivity of the *News of the World's* approach to covering murder investigations and stories about missing people. She said that the *News of the World* worked very closely with police liaison officers and that, on their advice, "we are always very quick to move away when we are asked".<sup>307</sup> She also stated that, in the case of the Soham murders,<sup>308</sup> the newspapers "withdrew straight away" when warned by the PCC.<sup>309</sup> As part of her remarks she made specific reference to the *News of the World's* coverage of Milly Dowler's funeral, stating that "we were asked not to be there so one photographer went and took the picture, and one reporter went for the words and that was it".<sup>310</sup> These are positive assertions about the behaviour of *News of the World* reporters in connection with coverage of high-profile crimes, and were made to portray a culture of ethical and respectful journalism. We sought to investigate whether this account was borne out by the facts as they emerged in relation to the actual behaviour of *News of the World* reporters tasked with covering Milly Dowler's disappearance.

232. In July 2011, the *Guardian* newspaper reported that murder victim Milly Dowler's voicemail had been illegally accessed after she went missing in March 2002.<sup>311</sup> It was also reported that some of the voicemails on her telephone had been deleted after the time that Milly Dowler first went missing, giving her family false hope that she was still alive.

233. The *News of the World's* coverage of Milly's disappearance did indeed provide evidence it had knowledge of messages left on her mobile phone. One particular story, which made detailed reference to three voicemail messages left on Milly Dowler's telephone, was printed in early editions of the *News of the World* on 14 April 2002. By the time that later editions appeared, the article made only passing reference to a single voicemail message.<sup>312</sup> At the time of Milly's disappearance, Rebekah Brooks was Editor of the *News of the World* and, in July 2011, she confirmed to us that "the story ran for a very, very long time, so I will have been involved in the story over the many years, even when I was editor of *The Sun*".<sup>313</sup> She said however, that she was on holiday from 9 April 2002 until 13 April 2002 when the above articles appeared. She was unable to tell us who stood in for her as Editor during that period.<sup>314</sup> As Legal Manager of News Group Newspapers,

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307 Culture, Media and Sport Committee, *Privacy and media intrusion*, Fifth Report of Session 2002-03, HC 458, Vol II (hereafter, '*Privacy and media intrusion*') Q 436

308 The murder of two 10 year old girls in Soham, Cambridgeshire in August 2002

309 *Privacy and media intrusion*, Vol II, Q 457

310 *Privacy and media intrusion*, Vol II, Q 463

311 See, for example, "Missing Milly Dowler's voicemail was hacked by *News of the World*", *The Guardian*, 5 July 2011

312 See, for example, "Tabloid's Pursuit of Missing Girl Led to Its Own Demise", *Wall Street Journal*, 20 August 2011

313 Q 498

314 Ev 172

Tom Crone had legal oversight of stories being published in the paper. In September 2011, he initially told us that he had no recollection of the Milly Dowler story from 14 April 2002, and subsequently that he would have left the office by the time that the replacement article was issued for later editions.<sup>315</sup>

234. In view of the positive assertions made by Rebekah Brooks about the conduct of *News of the World* journalists in relation to the disappearance of Milly Dowler when she appeared before us on 19 July 2011, we asked her about the allegations that Milly's voicemail had been illegally accessed in 2002. She repeated several times that "the idea that Milly Dowler's phone was accessed by someone being paid by the *News of the World*—or even worse, authorised by someone at the *News of the World*—is as abhorrent to me as it is to everyone in this room".<sup>316</sup> She also described it as "staggering", said that it "appalls us all" and made her feel "shock and disgust".<sup>317</sup> She maintained that she had only learnt that Milly Dowler's voicemail had been illegally accessed "two weeks ago" when the *Guardian* articles appeared and stated very clearly that she had no knowledge of any *News of the World* involvement in such activity at the time.<sup>318</sup> She was asked seven times what she knew about information being passed by the *News of the World* to Surrey police relating to messages illegally retrieved by that paper from Milly Dowler's telephone, and denied all knowledge of this.<sup>319</sup> Rebekah Brooks said that in 2003 she had sincerely believed that "both on the Milly Dowler case and in the Soham cases, the press had exercised great caution, and had tried to respect the privacy of the families", although she noted that "in the light of what we believe the allegations are now [this] might sound, quite frankly, ridiculous".<sup>320</sup> Her account of what would have happened on the night of 13 April 2002 was as follows:

I am sure questions were asked about where that information came from. They will have been asked of the reporter or they will have been asked of the news editor. The night editor and the lawyer would have checked them, and there would have been a process around every story, whether it was a single column or the front page, to determine where the information came from. I can tell you now that it would not have been the case that someone said 'Oh yes, that came from an illegal voicemail interception'. It seems that that it is inconceivable that people did not know this was the case, but at the time it wasn't a practice that was condoned or sanctioned at the *News of the World* under my editorship.<sup>321</sup>

235. In view of the statement by Rebekah Brooks that the lawyer on duty "would have checked" the information in the Milly Dowler story published by the *News of the World* on 14 April 2002, on 6 September 2011 we asked Tom Crone to tell us whether he knew that reporters at the paper had illegally accessed voicemail messages. Although he could not remember the story or the night in question, he offered an explanation as to how the *News*

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315 Qq 1001 to 1009

316 Q 477

317 Qq 504 and 508

318 Qq 466 and 503

319 Qq 504-510

320 Q 500

321 Q 540

*of the World* had come to be in possession of detailed information about the content of voicemail messages left on Milly Dowler's telephone:

at first glance, this story would appear to come from police sources. Now, that is not unusual. In a murder investigation or any other big investigation, a reporter will perhaps get some information from a police officer—hopefully in a proper way, incidentally. [...] The police, for their own intelligence reasons, might think it is important to put messages out there in pursuit of their investigation. Now, the detail on this story suggests it is a police briefing of some sort, either only to the *News of the World* or in a more general way. What could have happened is that the police see the first edition and they say, 'No, I didn't mean you to identify it in that way.' They would ring in and say, 'That's ridiculous. You shouldn't have done that.' Then, the news desk would just pull it out.<sup>322</sup>

236. He went on to surmise that "I think it is almost inevitable that the police investigating her disappearance would have gone to whatever was available on her mobile phone, which presumably is with the network".<sup>323</sup> Tom Crone did confirm in his evidence that, if messages hacked from someone's mobile telephone had been obtained by the *News of the World* rather than from the police, editors would routinely have sought advice from the in-house legal team before publication.<sup>324</sup>

237. Although Tom Crone's account of 6 September did not purport to be anything other than supposition, since it hinted that the police may have divulged the content of voicemail messages obtained as part of their investigation, we decided to ask Surrey Police for their account of events in April 2002. In the light of all we heard from witnesses from News International, the evidence that they provided makes astonishing reading. We note that the evidence is a summary of Surrey Police's present understanding of events and that new information is likely to emerge. We also note that Surrey Police have not named individuals in order to protect the integrity of ongoing investigations by the Metropolitan Police. With those caveats in mind, we summarise the position as we understand it, as follows:

- After Milly Dowler disappeared, reporters from the *News of the World* accessed her voicemail. This is clear from paragraph 13 of the Surrey Police evidence, which states that "[REDACTED] said that the NOTW was in possession of a recording of the voicemail message".<sup>325</sup> The *News of the World* claimed that it had been able to access the voicemail by making enquiries of other children who were Milly Dowler's friends: when asked why he was so convinced that the message on Milly's phone was not the work of a hoaxer, a *News of the World* reporter told the police that "the NOTW had got Milly's mobile phone number and PIN from school children".<sup>326</sup>

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322 Q 1006

323 Q 1008

324 Qq 1039-1044

325 Ev 274

326 Ev 274, para 27

- Although the names have been redacted in the account provided by Surrey Police, it is clear that more than one reporter was involved. For example, paragraph 28 of the evidence records that “[REDACTED] said that the *NOTW* had 5 reporters working on this story”.<sup>327</sup> Not only does this indicate that more than a single ‘rogue reporter’ at the paper was aware of the practice of phone-hacking, at least in relation to Milly Dowler, but it also undermines Rebekah Brooks’ 2003 account of the sensitivity of the newspaper’s approach to high profile police cases.
- The *News of the World* made no attempt to conceal from the police the fact that reporters from the paper had accessed Milly Dowler’s voicemail. They made reference to this fact several times.<sup>328</sup> In turn this means that in 2002 Surrey Police knew that someone working for or on behalf of the *News of the World* had accessed Milly Dowler’s voicemail.
- On 12 April 2002, the *News of the World* tasked someone with impersonating Mrs Dowler in order to try to obtain information from a recruitment agency in connection with Milly’s disappearance.<sup>329</sup> Later a reporter impersonated “a friend of Milly Dowler” in order to try to obtain information from the agency.<sup>330</sup>
- A *News of the World* reporter told a recruitment agency that he was “working in full cooperation with the police” in order to try to obtain information from the agency about Milly Dowler.<sup>331</sup>
- A journalist from the *News of the World* ascribed views to Surrey Police that the police had not endorsed. At 8.10 p.m. on Saturday 13 April 2002, the journalist from the *News of the World* telephoned Surrey Police to tell them that the paper would be running a story the next day which ascribed the following statement to Surrey Police: “we are intrigued, but believe the message may have been left by a deranged woman hoaxer thought to have hampered other police inquiries”.<sup>332</sup> When a police press officer objected to the statement, they were told that “the first edition had already gone to print”.<sup>333</sup> The replacement official police line read as follows: “we are evaluating the claim that Amanda may have registered with a recruitment agency. At this stage there is the possibility that a hoaxer may be involved in generating this story”.<sup>334</sup>
- The attempts by the *News of the World* to get a scoop on Milly Dowler led to a considerable amount of valuable police resource being redirected to the pursuit of false leads.

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327 Ev 274

328 Ev 274, paras 13, 15, 19, 21, 24, 26, 27, 46, 50, 51

329 Ev 274, para 6

330 Ev 274, para 22

331 Ev 274, para 7

332 Ev 274, para 30

333 Ev 274, para 31

334 Ev 274, para 32

238. This behaviour is indefensible on its own, but rendered yet more grotesque by the fact that the voicemail seized upon by *News of the World* reporters as evidence that Milly Dowler was still alive turns out to have been left by accident as a result of a telephone number belonging to a Ghanaian woman called “Nana” being incorrectly written down by a recruitment agency in the North of England.<sup>335</sup> On 17 April 2002, indeed, Surrey Police performed a download of Milly’s mobile phone and discovered this message—which was identical to the one the senior *News of the World* journalist had relayed to them four days earlier.

239. The only similarity between the account presented by Surrey Police and the hypothesis presented to the Committee by Tom Crone is the fact that the story published in early editions of the *News of the World* on 14 April 2002 was amended upon the advice of Surrey Police. However, whereas Tom Crone suggested that Surrey Police may have tried to retract information that they had provided but not intended for publication, what actually happened was that the *News of the World* falsely attributed views to Surrey Police, which the paper was later forced to correct. Surrey Police evidence states that “[REDACTED] stated that this [new] line would be used in all 5 editions of the *NOTW* on 14 April 2002 save for the first edition [...] which would carry the line that he had informed the press officer of at 210”.<sup>336</sup>

240. The *News of the World*’s brazen behaviour by no means ended there. A week later, on 20 April 2002, an employee of the newspaper—whose name Surrey Police has redacted—sent an e-mail to their press officer, remonstrating with her and implying that the newspaper had actually been trying to help by sharing Milly’s voicemails with the police:

“As you are aware, last Saturday evening (13 April) the *News of the World* contacted the Dowler squad with information we had received,” the e-mail stated.

“In the course of a conversation....we passed on information about messages left on Amanda Dowler’s mobile phone...In particular, we referred to a message from [REDACTED] Recruitment Agency at [REDACTED] apparently left on Amanda’s phone on the morning of March 27. In addition, we advised of other messages left on this number and we offered a copy of a tape recording of messages and other assistance,” the e-mail continued.

And, as a result of the police response, it added: “as a consequence we took immediate steps to radically and substantially amended [*sic*] the article that had been prepared for publication.”

241. The *News of the World* employee, Surrey Police added, “went on to ask for clarification and further information about a number of matters as ‘a matter of urgency’”—a further attempt, clearly by the newspaper to bounce the police into co-operation or a response.<sup>337</sup>

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335 Ev 274, paras 42-44

336 Ev 274, para 33

337 Ev 274, para 46



242. Rebekah Brooks was Editor of the *News of the World* at the time that reporters from that paper illegally accessed Milly Dowler's voicemail in 2002. She told us that she only became aware of the hacking of Milly Dowler's telephone in early July 2011. In support of this, we note that she has stated that she was on holiday between 9 and 13 April 2002, the period over which Surrey Police had most contact with the *News of the World* about the Milly Dowler story, although she had returned by the following week, and contact with Surrey Police continued until 20 April 2002. Impersonating members of a missing girl's family; besieging an employment agency; falsely asserting cooperation with the police; falsely quoting the police; and, according to their own account, obtaining Milly Dowler's mobile telephone number from her school friends are hardly the actions of a respectful and responsible news outlet. For those actions, and the culture which permitted them, the Editor should accept responsibility.

243. Tom Crone was Legal Manager of News Group Newspapers in 2002 and was on duty on the night of 13 April 2002, when the *News of the World* was engaged in producing an article based on information gleaned from the illegal accessing of Milly Dowler's voicemail. He has said that he does not remember the article in question. It is, however, very unlikely that he had no sight of at least the first edition article before he left on the night of 13 April 2002. It is indeed highly probable, in view of his role at the newspaper, that he was responsible for checking the original article's content, at the very least. Anybody who saw that article will have been aware that the information came from Milly Dowler's voicemail account. Any competent newspaper lawyer could reasonably have been expected to ask questions about how that information had been obtained. In this context, we are astonished that Tom Crone should have decided to present to the Committee the hypothesis that the information was provided—and subsequently retracted—by the police. We note that his hypothesis bears some resemblance to the process by which Surrey Police ensured that later editions of the *News of the World* contained a quotation that they had approved instead of the falsely attributed quotation that appeared in the early edition.

244. We note that the Metropolitan Police and Surrey Police are trying to piece together exactly what happened in relation to the hacking of Milly Dowler's voicemail and that the Metropolitan Police will want to question former employees of the *News of the World* on this subject.

245. We note that the disappearance of Milly Dowler was properly the priority of Surrey Police at that time and that, as a result, they took no action in relation to the information they had about the *News of the World*. It is less excusable for Surrey Police to have sat on that information for ten more years before bringing it to the attention of the Metropolitan Police, particularly given the publicity surrounding earlier police investigations into phone-hacking at the *News of the World*. We note that Lord Justice Leveson is examining the relationship between the police and the press and trust that he will address the issues that this episode raises as part of his findings.

246. We refrain from drawing conclusions about the conduct of individuals in their evidence to the Committee about Milly Dowler because at least one of those individuals has been arrested and faces the prospect of criminal charges.

## 6 The original investigation by the Metropolitan Police

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247. Our investigation into whether or not we had been misled during previous inquiries into phone hacking and press standards started in March 2011. On 10 March, Chris Bryant MP had an adjournment debate in the House of Commons, in which he stated that Acting Deputy Commissioner John Yates of the Metropolitan Police had misled both this Committee and the Home Affairs Committee when he gave evidence to them in 2009.<sup>338</sup> On 14 March, Acting Deputy Commissioner Yates wrote to the Committee offering to appear in order to clear his name. Accordingly, he gave evidence on 24 March 2011.

### Regulation of Investigatory Powers Act 2000 (RIPA)

248. Acting Deputy Commissioner Yates first gave evidence to the Committee on phone-hacking on 2 September 2009. In evidence, Mr Yates offered several reasons for the police decision to halt its inquiry into allegations of phone-hacking at the *News of the World*, including that:

- *News of the World* lawyers said that the paper had no evidence implicating other employees, and there were insufficient grounds for a court order requiring disclosure of documents;
- *News of the World* staff would have been likely to answer “no comment” when questioned by the police; and
- the police had concentrated on offences where they felt most sure of convictions, since they were obliged to make prudent use of resources.<sup>339</sup>

249. In 2009, Acting Deputy Commissioner Yates also told the Committee about the challenges which were, in his opinion, presented by Section 1 of the Regulation of Investigatory Powers Act 2000 (RIPA). He stated that the advice of the Crown Prosecution Service was that, in order to embark on a prosecution under RIPA, it was necessary to prove that a hacker had listened to a voicemail message before it was heard by the intended recipient i.e. that it was still “in the course of transmission” for the purposes of Section 1. Such proof was elusive and could only be found through mobile phone companies, which kept the necessary records only for limited periods. In 2009, the Director of Public Prosecutions (DPP) endorsed Mr Yates’s account of the advice given to police about the interpretation of the law.<sup>340</sup>

250. The Committee consequently recommended amending RIPA to remove what appeared to it to be an unjustifiable distinction between voice messages which had or had

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338 HC Deb, 10 March 2011, c1170

339 *Press standards, privacy and libel*, Volume II, Ev 358

340 *Press standards, privacy and libel*, Volume II, Ev 457

not been listened to with respect to the ability to prosecute voicemail interception under the Act.<sup>341</sup>

251. By 2010, the Crown Prosecution Service (CPS) appeared to have changed its mind. In a written submission to us and the Home Affairs Committee, dated October 2010, the DPP stated that “the prosecution [in the case of Clive Goodman and Glenn Mulcaire] did not in its charges or presentation of the facts attach any legal significance to the distinction between messages which had been listened to and messages that had not”, and therefore concluded that the interpretation of RIPA had not been a relevant factor in the trial.<sup>342</sup> In oral evidence on 24 March 2011, we asked Mr Yates for his response to the DPP’s newly stated position and he told us that the advice given by the CPS on the narrow interpretation had been “unequivocally given” in 2006.<sup>343</sup> We observe that, in a memorandum to the Home Affairs Committee in October 2010, the Director of Public Prosecutions noted that this interpretation had yet, however, to be tested in the courts.<sup>344</sup>

252. Subsequently, on 1 April 2011, in a lengthy letter to the Committee, the DPP elaborated on the position of the CPS, stating that at no stage was a “definitive view” given that “the narrow interpretation [of RIPA] was the only possible interpretation”. Advice had also been given to the police that the offences were also prosecutable under the Computer Misuse Act 1990.<sup>345</sup>

253. Since the advice from the Crown Prosecution Service to the Metropolitan Police about the Regulation of Investigatory Powers Act was given orally and recollections apparently cannot be reconciled, we cannot determine the extent to which the 2006–07 police investigation did, indeed, follow CPS advice to rely on a narrow interpretation of the Act. The subsequent conflict on this matter between former Assistant Deputy Commissioner Yates and the Director of Public Prosecutions, however, and any misunderstanding previously, was hardly conducive to public confidence in either.

254. Events since 2007 provided ample opportunity for the Metropolitan Police to review its approach to the extensive evidence it already held, and for the Crown Prosecution Service to adopt a more questioning approach to the advice and evidence it had received from the police. The last such opportunity, before the start of Operation Weeting, came in the autumn of 2010 following further allegations of wider wrongdoing by the *New York Times*, but was again missed by both organisations.

**255. Neither former Acting Deputy Commissioner Yates nor the Director of Public Prosecutions Keir Starmer were personally involved in the key events that occurred in 2006–07. Given the extraordinary revelations in the media and in civil court cases in the years that followed, however, they both bear culpability for failing to ensure that the evidence held by the Metropolitan Police was properly investigated in the**

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341 *Press standards, privacy and libel*, para 466

342 Memorandum submitted by Keir Starmer QC, Director of Public Prosecutions to the Home Affairs Committee, October 2010: published in Home Affairs Committee, Ev 126

343 Q9

344 For a fuller explanation of this see Standards and Privileges Committee, *Privilege: Hacking of Members’ Mobile Phones*, Fourteenth Report of Session 2010–12, Appendix

345 Ev 163

years afterwards, given all the opportunities to do so, and that the sufficiency of the evidence was not reviewed by the CPS.

256. On 10 July 2011, through the pages of the *Sunday Telegraph* newspaper, John Yates apologised for the inadequacy of the approach since his involvement. His initial decision, after the most cursory review, not to re-open the police investigation was, he said, a “pretty crap one”.<sup>346</sup>

257. **Former Acting Deputy Commissioner Yates has since paid a personal price, by resigning, over the previous failures of the Metropolitan Police over phone hacking and its perceived over-familiarity with News International. We welcome his apology last year and subsequently at the Leveson inquiry.**

### **Contacting victims**

258. There is no dispute that the people who were, or were likely to have been, victims of phone hacking at any time were entitled to be informed of that fact. Following the 2006–07 investigation, only 28 people were informed that their phones had been hacked.<sup>347</sup>

259. In July 2009, former Acting Deputy Commissioner Yates told our predecessor Committee that the police’s approach to contacting victims had lacked thoroughness and that from July 2009 he had instituted a “very, very tight strategy around analysing whether something could have fallen through the net”.<sup>348</sup> He went on to say that only “a handful of [additional] people” were involved.<sup>349</sup> He later told us that the eventual number of additional victims who were contacted as a result of the supposedly more vigorous investigation in 2009 was just eight.<sup>350</sup>

260. In January 2010, the Metropolitan Police revealed in court that documents seized from Glenn Mulcaire in 2006 contained the mobile phone voicemail PIN numbers of 91 individuals.<sup>351</sup> In a letter to us John Yates said that this information was the result of fresh scrutiny of the evidence, but he stressed the difficulty of knowing whether the PINs had actually been used—in other words, whether hacking had taken place. He told us that:

where information exists to suggest some form of interception of an individual’s phone was or may have been attempted by Clive Goodman and Glenn Mulcaire, the MPS has been diligent and taken all proper steps to ensure those individuals have been informed.<sup>352</sup>

261. By March 2011, the position of News International regarding its one ‘rogue reporter’ defence had certainly changed following the civil cases against the *News of the World*. Given these developments, we were concerned that the notification process was still slow

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346 ‘Police Chief: I failed victims of hacking’, *The Sunday Telegraph*, 10 July 2011, pp1-2

347 Ev 165

348 *Press standards, privacy and libel*, Volume II, Ev 360

349 *Ibid*

350 Ev 165

351 “91 victims and rising: Met Police admits scale of phone hacking”, *The Guardian*, 15 April 2011

352 *Press standards, privacy and libel*, Volume II, Ev 360

and incomplete. We asked John Yates whether all the victims would be informed and he said “it is not as straightforward as it sounds. We run the risk of getting into the semantics of what constitutes a victim”.<sup>353</sup> However, he did accept that “it would be difficult to think of a lawful purpose” for the possession of 91 voicemail PIN numbers.<sup>354</sup> Subsequent revelations—including admissions in the civil cases and events such as the hacking of Milly Dowler’s phone—underline the continued complacency of John Yates and the Metropolitan Police four years after the criminal convictions.

262. Also concerning is evidence that, faced with an avalanche of civil claims, the Metropolitan Police’s approach became less, rather than more, co-operative towards disclosure following the Gordon Taylor case. In particular, while stating that they had no ‘new evidence’ to justify further criminal prosecutions, they began to further redact disclosures to civil litigants from Glenn Mulcaire’s notebooks. This forced claimants to apply for court orders to disclose unredacted evidence, which would—in particular—identify journalists for whom Mr Mulcaire was working, through his practice of writing names in the top left hand corner of his notes.

263. Time and again during the civil litigation, claimants were told—falsely—by the Metropolitan Police that it held no evidence that they had either been targeted or their phones hacked.

264. Deputy Prime Minister John Prescott, Chris Bryant MP, former Scotland Yard Deputy Assistant Commissioner Brian Paddick and others subsequently launched proceedings to secure a judicial review of the police’s decision not to inform them that their mobile phones had been targeted. As a result, in February 2012 the Metropolitan Police formally apologised and admitted it was wrong not to have done so.

265. Since January 2011, under Deputy Assistant Commissioner Sue Akers, Operation Weeting has notified 619 likely victims of phone hacking (as of 24 April 2012)<sup>355</sup> and her approach only underlines criticism about the police’s handling of the affair on the watch of John Yates and his predecessor Andy Hayman.

**266. By former Acting Deputy Commissioner Yates’s own account, before 2009 the Metropolitan Police had fallen short in discharging its duty to inform those who might have been victims of hacking. From 2009 onwards it was, therefore, under an even greater obligation to carry out this task in a prompt and inclusive fashion. The evidence given to us by John Yates suggests a retreat from an undertaking that people would be informed where there was a suspicion that they had been hacked or otherwise had their privacy breached, towards a more limited policy. Where anyone’s voicemail PIN had been found in Glenn Mulcaire’s records, the suspicion of breach of privacy should have been self-evident and that person ought to have been informed without delay.**

**267. Our predecessor Committee’s 2010 Report expressed dissatisfaction with the justifications given by the Metropolitan Police for terminating its investigation into phone hacking at the *News of the World* in 2007. Since then, News International has**

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353 Q 109

354 Q 47

355 Number advised to the Committee by the Metropolitan Police on 27 April 2012

abandoned its contention that Clive Goodman and Glenn Mulcaire acted alone and the Metropolitan Police has opened a new investigation. This has already led to the arrest of a number of other journalists on the basis of evidence which appears to have been largely available to the police at the time of its original investigation. These events vindicate our previous conclusion that available lines of inquiry in 2006–07 should have been far more vigorously pursued. Each subsequent revelation of additional victims or evidence which may implicate other journalists beyond the original one ‘rogue reporter’ strengthens the impression that the police at that time had no interest or willingness to uncover the full extent of the phone-hacking which had taken place.

268. Since we took evidence from Acting Deputy Commissioner John Yates in March 2011, both he and Sir Paul Stephenson, then Metropolitan Police Commissioner, resigned in July 2011 as a result of the phone-hacking scandal and the employment of Neil Wallis, the former Deputy Editor of the *News of the World*, as a public relations consultant. The Home Affairs Select Committee has done a substantial amount of work on the original investigation by the Metropolitan Police into allegations of phone-hacking at the *News of the World*.<sup>356</sup> In addition, there is a police investigation—Operation Elveden—into corrupt payments made by the press to the police which has now led to several arrests.

269. The public inquiry led by Lord Justice Leveson on the culture, practices and ethics of the press is also currently tasked with examining the relationship between the press and the police. His inquiry has been wide-ranging and thorough and we hope his report will be robust as to the lessons to be learned by the failures of the Metropolitan Police in the phone-hacking affair, and the effect the scandal has had on its reputation.

## 7 Surveillance

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270. On 14 November 2011 it was reported that members of the Culture, Media and Sport Select Committee had been put under surveillance commissioned by the *News of the World* for a period of between three and ten days in 2009.<sup>357</sup> At that time the Committee was conducting its inquiry into *Press standards, privacy and libel*. Surveillance is not by itself illegal but, particularly if its intention was to source information that could be used to publicly discredit members of the Committee or to put pressure on them, there are circumstances where it could be construed as an attempt to interfere with the Committee's work. It was, we note, not the only time the Committee had been targeted. As the civil claims have demonstrated, former Committee members Claire Ward and Chris Bryant had their phones hacked as long ago as 2001 and 2003.

271. We asked witnesses from News International for evidence on the issue of the potential surveillance of Committee members. Tom Crone provided an account of the surveillance carried out on Mark Lewis and his family but stated that, in relation to surveillance of Committee members, "I have no knowledge of that apart from what I have seen in media reports—which is very little".<sup>358</sup> In oral evidence he was asked whether he had ever ordered surveillance or commissioned private investigators to do any surveillance at all. He answered "no, I don't think I did actually".<sup>359</sup> The Management and Standards Committee (MSC) of News Corporation told us that it had not yet completed its inquiries into the matter, but had not found any information to suggest that all members of the Committee had been put under surveillance. It did, however, confirm that "there is information that Mr Watson was under surveillance by Mr Derek Webb between 28/9/09 and 2/10/09. The MSC's present understanding is that three employees were involved in commissioning the surveillance".<sup>360</sup> In the context of ongoing police investigations, the MSC declined to name the individuals involved.

272. In oral evidence on 10 November 2011, James Murdoch stated that:

I am aware of the case of the surveillance of Mr Watson; again, under the circumstances, I apologise unreservedly for that. It is not something that I would condone, it is not something that I had knowledge of and it is not something that has a place in the way we operate.<sup>361</sup>

273. **We are disturbed by information that we have received that, at the time of the Committee's 2009 inquiry, a member of the Committee was put under surveillance by a private investigator commissioned by individuals at News International. We have not received sufficient evidence either to corroborate or disprove the claim that further members of the Committee were also put under surveillance at that time. We note that surveillance is in itself not a criminal offence. We also note that, as Committee**

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357 [www.bbc.co.uk/news/uk-politics-15724243](http://www.bbc.co.uk/news/uk-politics-15724243)

358 Ev 268

359 Q 883

360 Ev 263

361 Q 1656

members were unaware of the surveillance at the time that it allegedly took place, it cannot be said to have interfered in their work. However, surveillance could be construed as an attempt to interfere with the work of the Committee. Members may well feel inhibited in the discharge of their functions if they are concerned that their private lives will be intruded upon as a result.



## 8 Conclusions and next steps

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274. This report concentrates on the issue of whether witnesses have previously misled a select committee of the House of Commons. We have deliberately refrained from drawing conclusions about the evidence of any individual who has been arrested as we do not wish to risk prejudicing any future criminal trial. The Committee intend to produce a supplementary report when all criminal proceedings are finished.

275. As to the veracity of the evidence the Committee has received, we are able to draw the following conclusions about certain of the witnesses, and about News International corporately:

- Les Hinton misled the Committee in 2009 in not telling the truth about payments to Clive Goodman and his role in authorising them, including the payment of his legal fee. He also misled the Committee about the extent of his knowledge of allegations that phone-hacking extended beyond Clive Goodman and Glenn Mulcaire to others at the *News of the World* (see paragraphs 84, 85 and 91).
- Tom Crone misled the Committee in 2009 by giving a counter-impression of the significance of confidentiality in the Gordon Taylor settlement (see paragraph 118) and sought to mislead the Committee about the commissioning of surveillance.
- Tom Crone and Colin Myler misled the Committee by answering questions falsely about their knowledge of evidence that other *News of the World* employees had been involved in phone-hacking and other wrongdoing (see paragraphs 130 and 140).
- Corporately, the *News of the World* and News International misled the Committee about the true nature and extent of the internal investigations they professed to have carried out in relation to phone hacking; by making statements they would have known were not fully truthful; and by failing to disclose documents which would have helped expose the truth. Their instinct throughout, until it was too late, was to cover up rather than seek out wrongdoing and discipline the perpetrators, as they also professed they would do after the criminal convictions. In failing to investigate properly, and by ignoring evidence of widespread wrongdoing, News International and its parent News Corporation exhibited wilful blindness, for which the companies' directors—including Rupert Murdoch and James Murdoch—should ultimately be prepared to take responsibility (see paragraphs 32, 33, 60, 62, 132 and 141).

276. The effect of these actions and omissions is that the Committee's Report to the House in February 2010 on *Press standards, privacy and libel* was not based on fully accurate evidence. False evidence, indeed, prevented the Committee from exposing the true extent of phone-hacking.

277. Rupert Murdoch's final admission at the Leveson inquiry that a cover up has taken place at the company may mean that the investigations conducted by Burton Copeland have been used by people at News International to perpetrate a falsehood. As such we believe there is a strong argument that the company has no right to restrain disclosure of the file. **We call on the company to waive legal privilege, so that the Burton Copeland advice and investigations can be published and submitted to the Leveson inquiry.**

278. While our select committee may have been constrained in some of its lines of inquiry or in the witnesses we chose to summon, nevertheless our committee has been able to uncover key information thanks to parliamentary privilege. It should be acknowledged that some vital information has only been revealed due to the powers of Parliament, that would not have been able to be produced for the Leveson inquiry or other ongoing civil litigation. Indeed, as a result of our questioning, important changes to financial governance at News International have been made. Hindsight is a wonderful tutor, though News International will regret that they did not use our predecessor committee's 2010 report to undertake a thorough investigation of the wrongdoings within their business.

**279. The integrity and effectiveness of the Select Committee system relies on the truthfulness and completeness of the oral and written evidence submitted. The behaviour of News International and certain witnesses in this affair demonstrated contempt for that system in the most blatant fashion. Important lessons need to be learned accordingly and we draw our Report to the attention of the Liaison Committee which is considering possible reforms to Select Committees.**

280. We note that it is for the House to decide whether a contempt has been committed and, if so, what punishment should be imposed. We note that it makes no difference—in terms of misleading this Committee—that evidence was not taken on oath. Witnesses are required to tell the truth to committees whether on oath or not. We will table a motion inviting the House to endorse our conclusions about misleading evidence.

## Annex 1: Who's who

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Much of the evidence that we have received is of a “who said what to whom” nature and, of course, the question of whether or not the Committee has been misled turns on who said what to the Committee. This can become quite confusing, and the following list is intended as a useful point of reference.

- **Lawrence Abramson** was a Partner at law firm Harbottle and Lewis in 2007 and took instructions from **Jonathan Chapman** on the conduct of an e-mail review prompted by **Clive Goodman**'s employment claim.
- **Sue Akers** is a Deputy Assistant Commissioner of the Metropolitan Police. Since February 2011, she has been in charge of Operation Weeting, the current police investigation into allegations of phone-hacking.
- **Rebekah Brooks** was formerly Chief Executive Officer of News International. She held that post from September 2009 until 15 July 2011, when she resigned. Before that, as **Rebekah Wade**, she was Editor of the *Sun* from 2003 and Editor of the *News of the World* from 2000. She gave evidence to the Committee on 11 March 2003 and 19 July 2011.
- **Chris Bryant MP** was a member of the Culture, Media and Sport Select Committee until 2005. On 10 March 2011, he took part in an adjournment debate in the House of Commons on the subject of phone-hacking, in which he accused Acting Deputy Commissioner **John Yates** of having misled the Culture, Media and Sport and Home Affairs Select Committees.
- **Jonathan Chapman** was formerly Director of Legal Affairs at News International. He oversaw the e-mail review that was prompted by **Clive Goodman**'s employment claim and was involved with the pay-out made to Clive Goodman. He left the company in June 2011. He gave evidence to the Committee on 6 September 2011.
- **Max Clifford** is a publicist who gave evidence to our predecessor Committee on the subject of privacy and media intrusion on 25 February 2003. In March 2010, the *News of the World* settled out-of-court a case brought against it by Max Clifford for intercepting his voicemail. After he had lunch with **Rebekah Brooks**, the paper agreed to pay Max Clifford's legal fees and an annual retainer in return for his assistance on stories. The money was paid in exchange for Clifford giving the *News of the World* exclusive stories over the next several years.
- **Daniel Cloke** was formerly Group Human Resources Director at News International. He worked there from September 2003 until November 2010. He joined Vodafone as HR and Property Director in January 2011. He gave evidence to the Committee on 6 September 2011.
- **Andy Coulson** was the Editor of the *News of the World* from 2003 until his resignation in January 2007, following the conviction of **Clive Goodman**. He became the Director of Communications for the Conservative Party in July 2007 and in May 2010 was made Director of Communications for the Prime Minister, David Cameron. He resigned in

January 2011. He gave evidence to the Committee on 11 March 2003 and 21 July 2009. He has declined to provide written evidence to the Committee in 2011 by reason of there being ongoing police investigations.

- **Tom Crone** was formerly Legal Manager of News Group Newspapers. He resigned on 13 July 2011 after more than 20 years with the company. He gave evidence to the Committee on 11 March 2003, 5 May 2009, 21 July 2009 and 6 September 2011.
- **Nick Davies** is an investigative journalist, who has worked extensively for the *Guardian*. He gave evidence to the Committee on 21 April 2009 and again on 14 July 2009, when he disclosed the ‘for *Neville*’ e-mail, which he had uncovered as part of his work on phone-hacking.
- **Milly Dowler** was 13 years old when she was murdered on her way home from school in Walton-on-Thames in March 2002. It emerged in 2011 that her voicemail had been accessed illegally during the period that she was missing, causing members of her family to think that she was still alive.
- **Ian Edmondson** worked for the *News of the World* twice. On the second occasion, he became a member of the editorial team under *Andy Coulson*, who took him on in 2004. He was the News Editor before being suspended and sacked by the Newspaper in January, 2011.
- **Clive Goodman** was Royal Editor at the *News of the World*, taking over the “Blackadder” column at the paper in March 2005. He was arrested for the illegal interception of voicemail messages in 2006 and convicted on 26 January 2007, having pleaded guilty. He was dismissed by the *News of the World* but lodged an appeal against his dismissal. The matter was settled in 2007 before it reached an employment tribunal.
- **Christopher Graham** became Information Commissioner in June 2009. He gave evidence to the Committee on 2 September 2009.
- **Ross Hindley**, known at the *News of the World* as Ross Hall, is a former reporter for that paper. The ‘for *Neville*’ e-mail was sent by him.
- **Les Hinton** was formerly the Executive Chairman of News International. On 7 December 2007 he ceased to be Executive Chairman of News International and was appointed Chief Executive of Dow Jones, which had recently been acquired by News Corporation. He resigned on 15 July 2011 and cited the phone-hacking scandal in his resignation. He gave oral evidence to the Committee on 25 March 2003, 6 March 2007 and 15 September 2009.
- **Stuart Kuttner** was formerly Managing Editor at the *News of the World*. He gave oral evidence to the Committee on 11 March 2003 and 21 July 2009. He was invited to supply written evidence to the Committee in 2011, but declined in the context of ongoing police investigations.
- **Lord Justice Leveson** is conducting a public inquiry into the regulation of the media prompted by the phone-hacking scandal.

- **Mark Lewis** is a partner at Taylor Hampton Solicitors. When working for George Davies LLP he acted for **Gordon Taylor** in securing his settlement from News Group Newspapers in 2008. He has acted for a number of other phone-hacking victims. He gave evidence to the Committee on 2 September 2009 and 19 October 2011.
- **Will Lewis** was appointed to the Management and Standards Committee at News International, charged with gathering information on phone-hacking, in July 2011. Before that, he had been Group General Manager at the company.
- **Lord Macdonald of River Glaven** was Director of Public Prosecutions from 2003 until 2008.
- **Greg Miskiw** was formerly News Editor for the *News of the World*. He left the paper in 2005.
- **Glenn Mulcaire** is a private investigator. In January 2007 he was found guilty of illegally accessing voicemail messages, having pleaded guilty. He has used the alias **Paul Williams** in some of his dealings with News International.
- **James Murdoch** is Deputy Chief Operating Officer and Chairman and Chief Executive Officer (International), News Corporation. He gave evidence to the Committee on 19 July 2011, and again on 10 November 2011. He stepped down from the Board of News Group Newspapers in September 2011.
- **Rupert Murdoch** is Chairman and Chief Executive Officer of News Corporation. He gave evidence to the Committee on 19 July 2011.
- **Colin Myler** was Editor of the *News of the World* from January 2007 until the paper closed on 10 July 2011. He arrived shortly after the jailing of the paper's Royal Editor, **Clive Goodman**, and the resignation of **Andy Coulson**. He gave evidence to the Committee on 5 May 2009, 21 July 2009 and 6 September 2011.
- **Julian Pike** is a Partner at Farrer & Co and was involved, on behalf of News Group Newspapers, in the settlement with **Gordon Taylor** made in 2008. He gave evidence to the Committee on 19 October 2011.
- **Michael Silverleaf QC** provided independent advice to News International about the Gordon Taylor case. He has since provided written evidence to the Committee.
- **Keir Starmer** is the current Director of Public Prosecutions.
- **Jules Stenson** worked at the *News of the World* for 15 years and was, for a time, Showbusiness Editor.
- **Gordon Taylor** is a former professional footballer who became Chief Executive of the Professional Footballers' Association. In 2008, News Group Newspapers paid out over £700,000 in an out-of-court settlement with him when he claimed that his voicemail had been illegally accessed on behalf of the company. He was represented by **Mark Lewis**.

- **Neville Thurlbeck** worked for the *News of the World* for 21 years and was the newspaper's Chief Reporter. He was the intended recipient of the 'for Neville' e-mail, although he denies having received it. He was dismissed from the newspaper in 2011 in relation to phone-hacking but has denied the allegations and is pursuing a claim of unfair dismissal. He provided written evidence to the Committee.
- **Neil Wallis** worked for News International from 1986, serving as Deputy Editor of the *Sun* from 1993 to 1998. In 2003, he was Deputy Editor at the *News of the World*, becoming Executive Editor in 2007. He left the paper in 2009.
- **John Yates**, formerly Acting Deputy Commissioner of the Metropolitan Police. In 2009, John Yates conducted a review of the 2006 police investigation into phone-hacking. He gave evidence to the Committee on 2 September 2009 and again, in response to allegations that he had misled the Committee, on 24 March 2011. John Yates resigned from the Metropolitan Police on 18 July 2011.

## Annex 2: Timeline of events

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We have constructed a timeline of events from the evidence given to us. It is printed below and is intended to serve as a rapid point of reference. Commentary on the events outlined here forms the body of the Report.

- **May 2000** Rebekah Brooks (then Wade) became Editor of the *News of the World*.
- **March 2002** Teenager Milly Dowler went missing and was later found murdered.
- **January 2003** Rebekah Brooks became Editor of the *Sun* and Andy Coulson took over editorship of the *News of the World*.
- **March 2003** Rebekah Brooks, Andy Coulson, Tom Crone and Stuart Kuttner gave evidence to the Culture, Media and Sport Committee. In evidence Rebekah Brooks said that the *News of the World* paid police officers.<sup>362</sup>
- **February 2005** Glenn Mulcaire, using the pseudonym Paul Williams, and Greg Miskiw, then Assistant News Editor of the *News of the World*, signed a contract agreeing to pay Glenn Mulcaire £7,000 on publication of a story based on information about Gordon Taylor provided by Glenn Mulcaire.<sup>363</sup>
- **June 2005** Ross Hindley sent an e-mail to Glenn Mulcaire which opened with the words "This is the transcript for Neville". "Neville" was later assumed to be Neville Thurlbeck, Chief Reporter at the *News of the World*.<sup>364</sup>
- **July 2005** Neville Thurlbeck knocked on a door in north west England in order to get his comments on a story.<sup>365</sup>
- **August 2006** Glenn Mulcaire and Clive Goodman were arrested on suspicion of illegally intercepting voicemail messages.
- **November 2006** The time Tom Crone said that he became aware that Clive Goodman was guilty: "I think it was before he pleaded guilty, probably in November before the hearing".<sup>366</sup>
- **29 November 2006** Clive Goodman and Glenn Mulcaire pleaded guilty.
- **6 December 2006** Clive Goodman was paid the first of three monthly salary payments, made after the date of his guilty plea. The three payments totalled £22,504.71.<sup>367</sup>

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<sup>362</sup> Culture, Media and Sport Committee, Fifth Report of Session 2002-03, *Privacy and media intrusion*, HC458-II, Ev 112

<sup>363</sup> Culture, Media and Sport Committee, Second Report of Session 2009-10, *Press standards, privacy and libel*, HC 362-I, para 408

<sup>364</sup> *Press standards, privacy and libel*, para 412

<sup>365</sup> *Press standards, privacy and libel*, para 417

<sup>366</sup> *Press standards, privacy and libel*, Ev 176

<sup>367</sup> Ev 254

- **26 January 2007** Clive Goodman and Glenn Mulcaire were convicted and jailed for hacking the phones of three members of the royal household; Glenn Mulcaire was also convicted of hacking into the voicemails of Max Clifford, Sky Andrew, Elle McPherson, Simon Hughes MP and Gordon Taylor. They were sentenced to 4 months' and 6 months' imprisonment respectively. Andy Coulson resigned from the *News of the World*; and Colin Myler became Editor.
- **5 February 2007** Les Hinton wrote to Clive Goodman terminating his employment with News Group Newspapers and offering him 12 months' base salary.<sup>368</sup>
- **6 February 2007** Clive Goodman was paid his last monthly salary. The payment was authorised by Stuart Kuttner, Managing Editor of the *News of the World*.<sup>369</sup>
- **8 February 2007** Clive Goodman was paid a year's salary (£90,502.08) according to the terms of his dismissal.<sup>370</sup>
- **2 March 2007** Clive Goodman wrote to Daniel Cloke appealing his dismissal and making allegations about phone-hacking at the *News of the World*.<sup>371</sup>
- **6 March 2007** Executive Chairman of News International, Les Hinton, gave evidence to the Culture, Media and Sport Committee and maintained that Clive Goodman acted alone.<sup>372</sup>
- **3 May 2007** Tom Crone went to Manchester to meet Mark Lewis of George Davies LLP (representing Gordon Taylor) to discuss the Gordon Taylor settlement. Their accounts of the meeting differ in several particulars.<sup>373</sup>
- **29 May 2007** The Press Complaints Commission published a report on phone-hacking which said that there was no evidence of systematic wrong-doing at the *News of the World*.<sup>374</sup> Law firm Harbottle & Lewis wrote to News International saying that they had reviewed internal e-mails taken from the accounts of News International employees and found no evidence to support the specific assertions made by Clive Goodman in the letter appealing his dismissal.<sup>375</sup>
- **July—October 2007** Clive Goodman was paid £153,000 in settlement of his employment claim.<sup>376</sup>
- **1 November 2007** In response to requests made to the Metropolitan Police, Farrer & Co (News International's solicitors) and George Davies (Gordon Taylor's solicitors)

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368 Ev 202, para 5c

369 Ev 254

370 Ev 254

371 Ev 202

372 Culture, Media and Sport Committee Seventh Report of Session 2006-07, *Self-regulation of the press*, HC 375, Ev 34

373 See the transcript from 19 October 2011, Ev 236 and Ev 253

374 Press Complaints Commission, *Report on subterfuge and newsgathering*, 2007

375 *Press standards, privacy and libel*, para 435

376 Ev 222



were made aware of the existence of the ‘for Neville’ e-mail, although they were not given a copy at that stage. Tom Crone was also informed.<sup>377</sup>

- **7 December 2007** Les Hinton ceased to be Executive Chairman of News International and was appointed Chief Executive of Dow Jones, which had recently been acquired by News Corporation.
- **April 2008** Farrer & Co and George Davies saw the ‘for Neville’ e-mail. Tom Crone was again also informed.<sup>378</sup>
- **24 May 2008** Julian Pike, Partner at Farrer & Co, acting for News International, was copied in on an e-mail disclosing a briefing that Tom Crone had provided for Colin Myler to use in a meeting with James Murdoch, due to take place on 27 May 2008. Tom Crone said that, unknown to News International, Gordon Taylor’s legal team had obtained prosecution paperwork from Glenn Mulcaire’s trial including the ‘for Neville’ e-mail. Tom Crone described the ‘for Neville’ e-mail as “genuine” and “fatal” to News International’s defence case.<sup>379</sup>
- **27 May 2008** Colin Myler met James Murdoch, or telephoned him, to discuss the Gordon Taylor settlement and possibly the ‘for Neville’ e-mail, although this is disputed. Colin Myler called Julian Pike afterwards to discuss the meeting.<sup>380</sup> Neither Colin Myler nor James Murdoch has any recollection of the conversation.
- **3 June 2008** The opinion of external counsel, Michael Silverleaf QC, on the level of damages that could be awarded to Gordon Taylor, arrived with Farrer & Co and News International. On that date, Farrer & Co was instructed to increase the Part 36 offer to Gordon Taylor to £350,000.<sup>381</sup>
- **7 June 2008** Colin Myler e-mailed James Murdoch with an “update on the Gordon Taylor (Professional Football Association) case”, stating that “unfortunately it is as bad as we feared”. James Murdoch responded to the e-mail within three minutes of receiving it.<sup>382</sup>
- **10 June 2008** Tom Crone and Colin Myler met James Murdoch to discuss the Gordon Taylor settlement, including the ‘for Neville’ e-mail, although James Murdoch has told the Committee that he did not see the e-mail at that stage. Tom Crone had a phone conversation with Julian Pike after the meeting in which he told Pike that James Murdoch wanted to “think through the options”.<sup>383</sup>
- **12 November 2008** Tom Crone took Mark Lewis for lunch in El Vino’s wine bar.<sup>384</sup>

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377 Ev 225

378 Ev 225

379 Ev 239 (attachments)

380 Ev 239 (attachments)

381 Ev 239 (attachments)

382 Ev 271

383 Ev 239 (attachments)

384 Q1244

- **8 July 2009** The *Guardian* published a series of articles alleging that payments in excess of £1 million were made to Gordon Taylor—and two other people involved in football—to settle legal cases that would have named other journalists involved in phone-hacking. The *News of the World* denied the allegations. Acting Deputy Commissioner Yates said that no further investigation was required.<sup>385</sup>
- **11 July 2009** Tom Crone allegedly told Neville Thurlbeck that he would be asked to resign as a result of the ‘for Neville’ e-mail. Thurlbeck met with Tom Crone and Colin Myler for approximately an hour. At the meeting he says he supplied them with evidence linking the Gordon Taylor story (and associated phone-hacking) with a “news desk executive”.<sup>386</sup>
- **14 July 2009** The Committee wrote to Rebekah Brooks asking that she and Neville Thurlbeck give evidence on 21 July. The Committee took evidence from *Guardian* journalist Nick Davies who wrote the articles containing the allegations; he showed the Committee copies of the Glenn Mulcaire/Miskiw contract and the ‘for Neville’ e-mail.<sup>387</sup>
- **15 July 2009** Neville Thurlbeck says he provided Tom Crone and Colin Myler with written evidence following his meeting of 11 July 2009. He did not lose his job.<sup>388</sup>
- **17 July 2009** Rebekah Brooks wrote to the Chairman saying that she was unavailable to give evidence on 21 July; that this was not a “delaying tactic”; and that she would attend when it was “mutually convenient” to do so.
- **19 July 2009** Neville Thurlbeck says he called Ross Hall and taped the conversation. Thurlbeck has recently told the Committee that the call exonerated him and implicated an unnamed “news desk executive”. He says he offered the tape to Tom Crone who allegedly said that he did not want it.<sup>389</sup>
- **21 July 2009** Tom Crone, Colin Myler, Andy Coulson and Stuart Kuttner gave evidence to the Culture, Media and Sport Committee; they maintained that no one knew about phone-hacking apart from Clive Goodman.<sup>390</sup>
- **1 September 2009** Rebekah Brooks was made Chief Executive of News International.
- **2 September 2009** Christopher Graham, the Information Commissioner, and John Yates, then Assistant Commissioner of the Metropolitan Police, gave evidence to the Committee. John Yates said the Committee that the police had not questioned Neville

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385 “Murdoch papers paid £1m to gag phone-hacking victims”, *Guardian Online*, 8 July 2009; “No Inquiries. No charges. No evidence”, *News of the World*, 12 July 2009; “Statement by Assistant Commissioner Yates”, Metropolitan Police Service Press Release, 9 July 2009

386 Ev 260

387 *Press standards, privacy and libel*, Volume II, Ev 276

388 Ev 260

389 Ev 260

390 *Press standards, privacy and libel*, Volume II, Ev 304-339

Thurlbeck in its original investigation because there was no proof that he was the Neville referred to in the e-mail.<sup>391</sup>

- **15 September 2009** Les Hinton gave evidence to the Culture, Media and Sport Committee and maintained that no one at the *News of the World* knew about phone-hacking apart from Clive Goodman.<sup>392</sup>
- **10 December 2009** The Committee wrote to Rebekah Brooks asking her to give evidence and offering her a number of dates in January 2010 to do so.
- **14 December 2009** Rebekah Brooks wrote to the Chairman saying that she was unavailable on all of the suggested dates and asking what the Committee would like to ask her.
- **15 December 2009** The Committee wrote to Rebekah Brooks outlining the broad areas on which it wanted to ask her questions.<sup>393</sup>
- **4 January 2010** Rebekah Brooks wrote to the Chairman saying that she did not see how her appearance before the Committee “can or will assist it in any way” and declined to give evidence.<sup>394</sup>
- **February—April 2010** Clive Goodman received payment of £9,631.50 in legal fees from News Group Newspapers Limited. Evidence suggests that this may have been in connection with the inquiry by this Committee.<sup>395</sup>
- **24 February 2010** The Culture, Media and Sport Committee published its Report *Press standards, privacy and libel*, concluding that it was “inconceivable” that no-one other than Clive Goodman knew about phone-hacking.<sup>396</sup>
- **February 2010** News Group Newspapers Limited settled a legal action with Max Clifford.
- **1 September 2010** A *New York Times* article quoted an ex-*News of the World* reporter, Sean Hoare, who said that phone-hacking was encouraged at the paper.<sup>397</sup>
- **6 September 2010** Acting Deputy Commissioner John Yates said that the Metropolitan Police would be re-opening the investigation into phone-hacking at the *News of the World*.<sup>398</sup>
- **5 January 2011** *News of the World* suspended its Assistant Editor, Ian Edmondson.

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391 *Press standards, privacy and libel*, Volume II, Ev 359

392 *Press standards, privacy and libel*, Volume II, Ev 386

393 *Press standards, privacy and libel*, Volume II, Ev 482

394 *Press standards, privacy and libel*, Volume II, Ev 482

395 Ev 254

396 *Press standards, privacy and libel*, para 440

397 ‘Tabloid hack attack on royals, and beyond’, *New York Times*, 1 September 2010

398 ‘Met Police to re-examine *News of the World* hacking case’, BBC News Online, 6 September 2010

- **15 January 2011** The Crown Prosecution Service announced a review of the evidence collected in the Metropolitan Police's original investigation of phone-hacking at the *News of the World*. The announcement was made after News International had tasked Group General Manager Will Lewis with re-examining all the documents held by Harbottle & Lewis, a firm of solicitors that—in 2007—had conducted an independent review of those documents in the context of an unfair dismissal claim being brought by Clive Goodman, the *News of the World*'s former Royal Editor, against the company. Mr Lewis had passed the material to a different firm of solicitors, Hickman Rose, who in turn had referred it to Lord Macdonald of River Glaven, a former Director of Public Prosecutions, for an opinion. On the basis of his opinion, it was decided to refer the matter immediately to the police.
- **26 January 2011** The Metropolitan Police announced the re-opening of its investigation into phone-hacking.
- **25 February 2011** Legal actions against the *News of the World*, brought by actor Steve Coogan and sports commentator Andy Gray, led to Glenn Mulcaire being ordered by the High Court to reveal who commissioned him to carry out his work.
- **10 March 2011** Chris Bryant MP led an adjournment debate in the House of Commons on phone-hacking in which he said that, during the original investigation into Clive Goodman and Glenn Mulcaire in 2006-07, Acting Deputy Commissioner John Yates was warned by the Crown Prosecution Service (CPS) that the Metropolitan Police had wrongly interpreted the Regulation of Investigatory Powers Act (RIPA).<sup>399</sup>
- **14 March 2011** Acting Deputy Commissioner John Yates wrote to the Chairman saying that he was concerned that the reputation of the Metropolitan Police, as well as his own, was being damaged by the “unfounded allegations” made during the Commons debate on 10 March and offering to appear before the Committee to give oral evidence.<sup>400</sup>
- **24 March 2011** Acting Deputy Commissioner John Yates wrote to the Chairman explaining in more detail how he had interpreted RIPA in the 2006-07 investigation and the advice he had received from the CPS.<sup>401</sup> John Yates gave evidence to the Committee.
- **1 April 2011** The Director of Public Prosecutions wrote to the Chairman giving his account of the advice given by the CPS to the Metropolitan Police in 2006-07. His account differed from that of John Yates.<sup>402</sup>
- **5 April 2011** Ian Edmondson and Neville Thurlbeck were arrested on suspicion of unlawfully intercepting voicemail messages.

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399 HC Deb, 10 March 2011, col 1170

400 Ev 159

401 Ev 159

402 Ev 161

- **8 April 2011** News International apologised to eight phone-hacking victims and announced that it was setting up a compensation fund.
- **14 April 2011** *News of the World* journalist James Weatherup was arrested on suspicion of unlawfully intercepting voicemail messages.
- **4 May 2011** The Committee wrote to Rebekah Brooks asking her to review the evidence given to the Committee by News International in 2009 and offering her the opportunity to give evidence.
- **31 May 2011** Rebekah Brooks wrote to the Chairman stating that it would not be appropriate to respond to the Committee's request in the context of the ongoing police investigation.<sup>403</sup>
- **7 June 2011** Actress Sienna Miller accepted a £100,000 settlement from the *News of the World*.
- **4 July 2011** The *Guardian* revealed that the police had contacted the family of Milly Dowler to tell them that her phone had been hacked after her disappearance in 2002.<sup>404</sup> Rebekah Brooks, who was *News of the World* Editor in 2002, was reported to have said that it was "inconceivable" that she knew about it.<sup>405</sup>
- **7 July 2011** In a News Corporation press statement, James Murdoch announced the closure of the *News of the World* and said that "the paper made statements to Parliament without being in the full possession of the facts. This was wrong".<sup>406</sup>
- **8 July 2011** Andy Coulson was arrested and questioned by police about phone-hacking and the payment of police officers. Clive Goodman was also arrested and questioned about payments to police. The Prime Minister announced that there would be a public inquiry into phone-hacking at the *News of the World*.
- **10 July 2011** The last edition of the *News of the World* was printed.
- **11 July 2011** The Secretary of State for Culture, Media, Olympics and Sport referred News Corporation's bid to take over BSkyB to the Competition Commission.<sup>407</sup>
- **12 July 2011** This Committee reopened its inquiry and the Home Affairs Committee took evidence from current and former officers in the Metropolitan Police Service; former Assistant Commissioner Peter Clarke said that police faced "hostility and obstruction" when they first investigated phone-hacking at the *News of the World* in 2006.<sup>408</sup>

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403 Ev 166

404 'Missing Milly Dowler's voicemail was hacked by *News of the World*', *Guardian online*, 4 July 2011

405 'Rebekah Brooks: "it's inconceivable I knew of Milly Dowler phone hacking"', *The Guardian*, 5 July 2011

406 *News International Announces Last Issue of News of the World*; News Corp press release, 07 July 2011

407 HC Deb, 11 July 2011, col 39

408 Home Affairs Committee, Thirteenth Report of Session 2010-12, *unauthorised tapping in to or hacking of mobile communications*, HC 907, Ev 54

- **13 July 2011** The Prime Minister announced a public inquiry that would be judge-led and published its terms of reference; he also announced a second inquiry into press standards and regulation.<sup>409</sup> News Corporation withdrew its bid for BSkyB.<sup>410</sup> Legal Manager Tom Crone left News International.
- **14 July 2011** Former *News of the World* Executive Editor Neil Wallis was arrested. Rebekah Brooks agreed to give evidence to the Culture, Media and Sport Committee.<sup>411</sup> James and Rupert Murdoch were summoned to do so, and subsequently agreed to attend.<sup>412</sup>
- **15 July 2011** Rebekah Brooks resigned as Chief Executive of News International; a few hours later Les Hinton resigned as Chief Executive of Dow Jones. Rupert Murdoch apologised to the Dowler family.<sup>413</sup>
- **16 July 2011** Many British newspapers carried a full apology from Rupert Murdoch.<sup>414</sup>
- **17 July 2011** Rebekah Brooks was arrested on suspicion of conspiring to intercept communications and on suspicion of corruption. Sir Paul Stephenson resigned as Commissioner of the Metropolitan Police.<sup>415</sup>
- **19 July 2011** Rupert Murdoch, James Murdoch and Rebekah Brooks gave evidence to the Committee.<sup>416</sup>
- **21 July 2011** Colin Myler and Tom Crone issued a statement to the press in which they disputed James Murdoch's claim that he was unaware of the 'for Neville' e-mail at the time of the payout to Gordon Taylor.<sup>417</sup>
- **22 July 2011** James Murdoch made a statement in which he stood by his oral evidence to the Committee.<sup>418</sup>
- **28 July 2011** It was reported in the press that Sara Payne had been told that there was a possibility that her voicemail had been illegally accessed.<sup>419</sup>
- **29 July 2011** The Committee published written evidence from Harbottle and Lewis, James Murdoch, Jonathan Chapman and correspondence between Trinity Mirror and

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409 HC Deb, 13 July 2011, col 311

410 'News Corporation Withdraws Proposed Offer for British Sky Broadcasting Group PLC', News Corporation press release, 13 July 2011

411 Ev 167

412 Ev 168

413 'Rupert Murdoch says sorry to Dowler family over phone hacking', BBC News Online, 15 July 2011

414 'Rupert Murdoch says sorry in newspaper adverts', BBC News Online, 16 July 2011

415 'Statement from the Commissioner', Metropolitan Police Service press release, 17 July 2011

416 Culture, Media and Sport Committee, Uncorrected transcript of oral evidence, 19 July 2011, HC 903-ii

417 'James Murdoch evidence questioned by former executives', BBC News Online, 22 July 2011

418 Ev 169

419 'News of the World targeted the phone of Sarah Payne's mother', *The Guardian*, 28 July 2011

Louise Mensch.<sup>420</sup> It wrote seeking further evidence from James Murdoch, Rebekah Brooks, Tom Crone, Colin Myler, Jonathan Chapman and Harbottle & Lewis.<sup>421</sup>

- **16 August 2011** The Committee published written evidence from James Murdoch, Rebekah Brooks, Jonathan Chapman, Colin Myler, Tom Crone, Harbottle & Lewis, the Press Complaints Commission, Mark Lewis (Taylor Hampton) and John Turnbull (Linklaters).<sup>422</sup> It wrote seeking further evidence from Stuart Kuttner, Les Hinton, Julian Pike (Farrer & Co), Burton Copeland, Andy Coulson, Daniel Cloke, Rebekah Brooks and Lawrence Abramson (Harbottle & Lewis).<sup>423</sup> It agreed that it would invite Daniel Cloke, Jonathan Chapman, Colin Myler and Tom Crone to give evidence on 6 September.
- **22 August 2011** Robert Peston (BBC) broke a story in which he claimed that Andy Coulson had continued to be paid by News International several months after his contract there had ended and at the same time that he had been employed by the Conservative Party.<sup>424</sup> This appeared to contradict evidence given by Andy Coulson on 21 July 2009 and by James Murdoch and Rebekah Brooks on 19 July 2011.<sup>425</sup>
- **26 August 2011** The *Guardian* revealed that, under the terms of a court order, Glenn Mulcaire had disclosed to Steve Coogan's lawyers the names of the individuals at News International who had instructed him to carry out phone-hacking. The lawyers were unable to publish those names for confidentiality reasons.<sup>426</sup>
- **6 September 2011** Daniel Cloke, Jonathan Chapman, Colin Myler and Tom Crone gave oral evidence to the Committee.<sup>427</sup> The Committee published written evidence from Daniel Cloke, Stuart Kuttner, Farrer & Co, Lawrence Abramson, BCL Burton Copeland, Les Hinton, Andy Coulson, Linklaters, Rebekah Brooks and Saunders Law.<sup>428</sup>
- **13 September 2011** The Committee published written evidence from Rebekah Brooks and Linklaters.<sup>429</sup> It invited Les Hinton, Farrer & Co and Mark Lewis (Taylor Hampton) to give oral evidence.
- **19 October 2011** Julian Pike of Farrer & Co and Mark Lewis of Taylor Hampton gave oral evidence. Julian Pike's account suggested that James Murdoch may have been

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420 Ev 170, Ev 169, Ev 171, Ev 169 and Ev 170

421 Ev 188, Ev 190, Ev 197, Ev 198, Ev 201 and Ev 219

422 Ev 172, Ev 190, Ev 197, Ev 199, Ev 202 and Ev 221

423 Ev 222, Ev 224, Ev 225, Ev 227, Ev 228, Ev 229, Ev 230

424 'Coulson got hundreds of thousands of pounds from News International', BBC News Online, 22 August 2011

425 *Press standards, privacy and libel*, Volume II, Ev 335-6, Q268 and Q574

426 'Glenn Mulcaire names *News of the World* staff behind phone hacking', *The Guardian*, 26 August 2011

427 Culture, Media and Sport Committee, Uncorrected transcript of oral evidence, 6 September 2011, HC 903-iii

428 Ev 223, Ev 225, Ev 227, Ev 228, Ev 229, Ev 230, Ev 231 and Ev 234

429 Ev 222 and Ev 234

briefed about the 'for Neville' e-mail before the meeting of 10 June 2008.<sup>430</sup> The Committee published further written evidence from James Murdoch.<sup>431</sup>

- **24 October 2011** Les Hinton gave oral evidence by video link from New York.
- **1 November 2011** The Committee published further written evidence from Colin Myler, Michael Silverleaf QC, Farrer & Co and Mark Lewis.<sup>432</sup>
- **8 November 2011** The Committee published further written evidence from Tom Crone.<sup>433</sup>
- **10 November 2011** James Murdoch gave further oral evidence.
- **14 November 2011** Roy Greenslade, a media commentator, claimed that members of the Culture, Media and Sport Select Committee were put under surveillance by the *News of the World* for a period of between three and ten days in 2009.<sup>434</sup>
- **16 November 2011** Neville Thurlbeck published his account of the phone-hacking scandal at the *News of the World* and, in doing so, protested his innocence.<sup>435</sup>
- **7 December 2011** The Committee published written evidence from Colin Myler, Neville Thurlbeck, James Murdoch, Rebekah Brooks and Tom Crone.
- **13 December 2011** The Committee published written evidence from James Murdoch and the News Corporation Management and Standards Committee.
- **14 December 2011** The Committee published written evidence from Tom Crone.

Events during 2012 are described in the latter part of Chapter 4 of this Report.

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430 Q1113

431 Ev 236

432 Ev 236, Ev 237, Ev 255 and Ev 259

433 Ev 253

434 See, for example, <http://news.sky.com/home/politics/article/16110021>

435 [www.pressgazette.co.uk/story.asp?storycode=48263](http://www.pressgazette.co.uk/story.asp?storycode=48263)



# Formal Minutes

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**Monday 30 April 2012**

Members present:

Mr John Whittingdale, in the Chair

Dr Thérèse Coffey  
Damian Collins  
Philip Davies  
Paul Farrelly  
Louise Mensch

Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Tom Watson declared an interest in relation to the Committee's inquiry into phone hacking, in that Mr Max Mosley had offered to pay any legal costs incurred by Mr Watson in drawing up written evidence to be submitted to Lord Justice Leveson's inquiry.

Draft Report (Phone-hacking), proposed by the Chair, brought up and read.

*Ordered*, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 148 read and agreed to.

Paragraph 149 read, amended and agreed to.

Paragraph 150 read and agreed to.

Paragraph 151 read, as follows:

Some of the evidence we received from third parties supported James Murdoch's account. Neville Thurlbeck surmised in written evidence that "if Mr Murdoch had been told of the existence of the email, he would have asked questions of me. He didn't". Similarly, a note taken by Julian Pike of a telephone call that he had with Colin Myler on 27 May 2008 finished with "Les no longer here—James wld say get rid of them—cut out cancer". The conditional statement "James wld say" shows that Colin Myler was indicating the reaction James Murdoch would have if he knew: Colin Myler thought that, if James Murdoch had been aware of a problem, he would have insisted on cutting out the "cancer" and dismissing those involved. James Murdoch himself suggested this interpretation, telling us on 10 November that the note "shows that perhaps [Colin Myler] was worried about raising these issues with me, because I would have said, 'get rid of them all', and I would have said 'Cut out the cancer'—ie people who are suspected of wrongdoing, we would pursue and hold accountable. That was the way that I would approach it". This is not what happened at the conclusion of the Gordon Taylor case, so either both Neville Thurlbeck and Colin Myler were wrong about the hard line that James Murdoch would have taken, or else James Murdoch was never properly informed about what was going on.

Amendment proposed, in line 11, to leave out from "Gordon Taylor case" to the end of the paragraph and add "but nothing definitive can be concluded from this. It can support, indeed, a number of interpretations: that James Murdoch was not fully informed about the extent of wrongdoing; that both Neville Thurlbeck and Colin Myler were wrong about the hard line that James Murdoch might have taken; or that he was informed, but his priorities lay elsewhere and he left Colin Myler to deal with the issue as the new editor of the newspaper."—(Paul Farrelly)

Question put, That the Amendment be made.

The Committee divided.

Ayes, 6

Paul Farrelly  
Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Noes, 4

Dr Thérèse Coffey  
Damian Collins  
Philip Davies  
Louise Mensch

Amendment agreed to.

Paragraph 151, as amended, agreed to.

Paragraphs 152 and 153 read and agreed to.

Paragraph 154 read, amended and agreed to.

Paragraph 155 read, as follows:

In view of both Tom Crone's recollection that he had been unable to make any copy of the 'for Neville' e-mail and of James Murdoch's insistence that he did not see a copy of the document until he saw the redacted version published in the Committee's 2010 Report on Press standards, privacy and libel, we are inclined to accept that James Murdoch did not see a copy of the 'for Neville' e-mail at the time that the Gordon Taylor settlement was agreed.

Amendment proposed, to leave out paragraph 155 and insert the following paragraphs:

"Under oath at the Leveson inquiry, however, Tom Crone insisted he had indeed shown James Murdoch the "for Neville" e-mail: "I'm pretty sure I held up the front page of the e-mail....I'm also pretty sure that he already knew about it."

"At the inquiry, Tom Crone also went further. Before Rhodri Davies QC, counsel for News International, cut the interrogation short, on the grounds that the company had not waived legal privilege, in relation to the specific advice that Tom Crone gave to James Murdoch in this meeting, Tom Crone said that the Silverleaf opinion had also been discussed:

I think I certainly took a copy and possibly spare copies of the opinion. I probably took the pleadings, because that certainly is what I would normally do. And I think I took a copy plus spare copies of the front page of the 'For Neville' email.

What was certainly discussed was the e-mail. Not described as 'for Neville', but the damning email and what it meant in terms of further involvement in phone-hacking beyond Goodman and Mulcaire. And what was relayed to Mr Murdoch was that this document clearly was direct and hard evidence of that being the case. At the same time, I think I must have referred at some stage to Operation Motorman, because that would explain the quite hard references in senior counsel's opinion.

"In testimony to the Leveson inquiry, James Murdoch also said of the conversation with Colin Myler on 27 May 2008 (which neither of them could recall, but which was referred to in the file note made by Julian Pike):

The note suggests that the conversation was brief. It records the outcome of the discussion as being 'wait for the silks [sic] view', so it is likely that, if the conversation took place, I would have suggested postponing any further discussion until we had advice from the QC.

This is consistent with my recollection that the decision was based on advice from external counsel.

“Again, the fact that James Murdoch was awaiting the Silverleaf opinion proves nothing definitively one way or the other as to what he was shown, or of what he was made aware. It would be surprising in the circumstances, however, if it had not been discussed in some form. Whatever the reliability of other evidence given by Tom Crone, it is also unlikely that an in-house lawyer would go into such a meeting empty-handed. What we are being asked to believe by James Murdoch, however, was that he was neither told, nor asked to see, the essentials of the opinion he was waiting for. Once again, his and Tom Crone’s accounts regarding the Silverleaf opinion are contradictory.

“Tom Crone has given conflicting accounts as to whether he showed James Murdoch the ‘for Neville’ email, while James Murdoch has been consistent in insisting that he did not see a copy of the document until he saw the redacted version published in the Committee’s 2010 Report on Press standards, privacy and libel. Whilst this may seem surprising in itself—as the e-mail had been widely published during the summer of 2009—it is possible that he did not see a copy at the time the Gordon Taylor settlement was agreed. Given the conflicting accounts, however—and the reliability of evidence we have been given previously by witnesses from News International—the reality is that we cannot come to a definitive conclusion, one way or the other.

“Surprising as it may seem that James Murdoch did not ask to see this crucial piece of evidence, nor the independent Counsel’s opinion, his lack of curiosity—wilful ignorance even—subsequently is more astonishing. This stretched from July, 2009—when the ‘for Neville e-mail’ first became public—through the Committee’s critical report in February 2010 and further allegations in the New York Times in September 2010, to as far out as December 2010, when disclosures in the Sienna Miller case finally led him to realise, according to his own account, that the ‘one rogue reporter’ defence was untenable.” (Paul Farrelly)

Question put, That the Amendment be made.

The Committee divided.

The Committee divided.

Ayes, 6

Paul Farrelly  
Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Noes, 4

Dr Thérèse Coffey  
Damian Collins  
Philip Davies  
Louise Mensch

Amendment agreed to.

Paragraph 155, as amended, agreed to.

Paragraph 156 (now paragraph 161) read, as follows:

In 2009 Tom Crone and Colin Myler asserted that they had investigated the ‘for Neville’ e-mail and that there was no concrete evidence to support the allegation that journalists other than Clive Goodman had been involved in phone-hacking. If they admitted to us that in 2008 they had made James Murdoch aware of the serious implications of the e-mail, they would have had to admit to having misled the Committee. As it stands, when pressed, their evidence turned out to be consistent with that given by James Murdoch. All three witnesses agreed that it had been made plain to James Murdoch that the ‘for Neville’ e-mail meant that the Gordon Taylor case had to be settled. None of

them stated that James Murdoch was told that the e-mail had any wider significance for the company or that he had specifically asked them about any wider significance.

Amendment proposed, to leave out from "Committee." to end of the paragraph and insert "They clearly did not tell truth to us then. Though their evidence has been demonstrably unreliable in other respects, however, it does not necessarily follow that they are not telling the truth with respect to James Murdoch and the 'for Neville' e-mail and Silverleaf opinion. We simply cannot adjudicate with confidence either way and suspect, as with so much to do with the phone-hacking saga, that more light will be shone on this as more documents and evidence emerge in the future. We may well revisit our conclusions in this Report if more information, currently subject to criminal proceedings or to legal privilege which has not been waived, is disclosed."—(Paul Farrelly)

Question put, That the Amendment be made.

The Committee divided.

Ayes, 6

Paul Farrelly  
Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Noes, 4

Dr Thérèse Coffey  
Damian Collins  
Philip Davies  
Louise Mensch

Amendment agreed to.

Paragraph 156 (now paragraph 161), as amended, agreed to.

Paragraph 157 (now paragraph 162) read, as follows:

James Murdoch told us that, with the benefit of hindsight, News International should have taken note of the Committee's 2010 Press standards, privacy and libel Report and investigated the provenance of the "for Neville" e-mail more thoroughly. He also expressed regret that the company had moved to an "aggressive defence" so quickly. We would add to these admissions that, as the head of a journalistic enterprise, we are astonished that James Murdoch did not seek more information or ask to see the evidence and counsel's opinion when he was briefed by Tom Crone and Colin Myler on the Gordon Taylor case. Even for a large company, £700,000 is a not inconsequential sum of money, and it is extraordinary that the Chief Executive should authorise its payment on the basis of such scant information. There is, however, no conclusive evidence that James Murdoch saw the "for Neville" e-mail, or that he understood its wider significance.

Amendment proposed, to leave out from "astonished" to end of the paragraph and insert "surprised that James Murdoch did not seek more information or ask to see the evidence and counsel's opinion when he was briefed by Tom Crone and Colin Myler on the Gordon Taylor case. Even for a large company, £700,000 is a not inconsequential sum of money and we don't believe that the Chief Executive should authorise its payment on the basis of such scant information. This is where James Murdoch, 'fell short' as he himself acknowledged in his letter to the committee of the 12th March 2012 and as stated in the same correspondence must take his 'share of responsibility' for the failure of News Corporation to expose and take action against wrong doing sooner. We have seen no conclusive evidence that James Murdoch saw the 'for Neville' email or that he understood its wider significance."—(Damian Collins)

Question put, That the Amendment be made.

The Committee divided.

Ayes, 4

Dr Thérèse Coffey  
Damian Collins  
Philip Davies  
Louise Mensch

Noes, 5

Paul Farrelly  
Steve Rotheram  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Amendment disagreed to.

Another Amendment proposed, leave out from second "information." to end of the paragraph and insert "If he did, indeed, not ask to see either document, particularly the counsel's opinion, this clearly raises questions of competence on the part of News International's then Chairman and Chief Executive."—(*Paul Farrelly*)

Question put, That the Amendment be made.

The Committee divided.

Ayes, 7

Damian Collins  
Paul Farrelly  
Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Noes, 2

Dr Thérèse Coffey  
Louise Mensch

Amendment agreed to.

Paragraph 157 (now paragraph 162), as amended, agreed to.

A paragraph—(*Paul Farrelly*)—brought up and read, as follows:

**There is, however, a bigger picture—and longer timeframe—that is relevant beyond the Gordon Taylor settlement. Not specifically being shown evidence, nor asking to see it, nor discussing explicitly its ramifications is not the same as not being aware. From the conflicting accounts, and despite our surprise, we cannot say whether in 2008 James Murdoch was aware of the significance of the Taylor case, or of the importance attached by his executives to it being settled in confidence. We have been told that notwithstanding our 2010 Report, the further media investigations including the New York Times, the settlement with Max Clifford and further civil cases by non-royal victims, it was as late as December 2010 that James Murdoch – and Rupert Murdoch – realised that the 'one rogue reporter' line was untrue. This, we consider, to be simply astonishing.**

Question put, that the paragraph be read a second time.

The Committee divided.

Ayes, 9

Damian Collins  
Philip Davies  
Paul Farrelly  
Louise Mensch  
Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Noes, 1

Dr Thérèse Coffey

Paragraph inserted (now paragraph 163).

Paragraphs 158 to 170 (now paragraphs 164 to 176) read and agreed to.

Paragraph 171 (now paragraph 177) read, as follows:

The e-mail exchange that took place on 7 June 2008 demonstrates that James Murdoch was given the opportunity to appraise himself of the Gordon Taylor case and to make himself aware of its significance. Had he read the e-mail chain properly he ought to have asked searching questions of Colin Myler and Tom Crone. There is, however, no strong evidence to suggest that he did read the e-mail chain. If he did not read the e-mail chain, there is no good excuse for this and it betrays an astonishing lack of curiosity on the part of a Chief Executive. Had James Murdoch been more attentive to the correspondence that he received at the time, he could have taken action on phone-hacking in 2008 and this Committee could have been told the truth in 2009. We have, however, seen no firm evidence that James Murdoch had any significant involvement in negotiating the Gordon Taylor settlement until he authorised the increased settlement amount on 10 June 2008.

Motion made, to leave out paragraph 171 and insert the following new paragraphs:

"An email exchange took place on 7 June 2008 between Colin Myler and James Murdoch, in which Mr. Myler asked for the meeting on 10 June. Within that email string, an email from Julian Pike to Tom Crone, dated 6 June 2008, and one from Tom Crone to Colin Myler, dated 7 June, were forwarded to Mr. Murdoch.

In his letter of 12 March, Mr. Murdoch asserts that he only noticed the request for a meeting and did not read the full string, because it arrived on 7 June, a Saturday, when he was alone with his two small children. He states his response "sent from my BlackBerry just over two minutes after he had sent his email, confirmed that I was available on 10 June 2008 for a meeting and said that I was home that evening if he wished to call before then. I have no... recollection of his calling that weekend."

The contents of the email string are ambiguous. Colin Myler states "unfortunately it is as bad as we feared" and Tom Crone speaks of a "nightmare scenario". This could be interpreted as a warning of widespread phone hacking at the *News of the World*. Mr Murdoch's letter to the Committee asserts that the email related specifically to the settlement and "unfortunately it is as bad as we feared" relates to the amount of money needed to settle the case, while Mr Crone's "nightmare scenario" refers to a potential additional claim by Joanne Armstrong, an associate of Mr Taylor's. There is no conclusive evidence one way or another as to what these phrases meant, or if it would therefore have made any difference had Mr Murdoch read the entire string. There is no suggestion, nor, indeed, evidence that Colin Myler took Mr Murdoch up on his offer to call him that evening to discuss the email string, before the meeting Mr Myler had requested for the 10 June."—(Louise Mensch and Dr Thérèse Coffey)

Question put, That the amendment be made.

The Committee divided.

Ayes, 3

Dr Thérèse Coffey  
Philip Davies  
Louise Mensch

Noes, 7

Damian Collins  
Paul Farrelly  
Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Amendment disagreed to.

Another Amendment proposed, to leave out sentence beginning "There is".—(*Paul Farrelly*)

Question put, That the Amendment be made.

The Committee divided.

Ayes, 6

Paul Farrelly  
Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Noes, 4

Dr Thérèse Coffey  
Damian Collins  
Philip Davies  
Louise Mensch

Amendment agreed to.

Paragraph 171 (now paragraph 177), as amended, agreed to.

Paragraphs 172 to 176 (now paragraphs 178 to 182) read and agreed to.

Paragraph 177 (now paragraph 183) read as follows:

The Committee has been told by several witnesses, including Rebekah Brooks, that the documents relating to the settlement between Max Clifford and NGN form part of the Metropolitan police's investigations. For this reason we simply publish the facts that have been disclosed to us in evidence and have decided not to probe any further into this case.

Motion made, to leave out paragraph 177 and insert the following new paragraphs:

"Notwithstanding her role in settling Max Clifford's claim and our 2010 Report, in evidence on 9 July 2011 Rebekah Brooks told us that—like James Murdoch—she only realised in the final days of 2010 that the 'one rogue reporter' defence was untrue.

Everyone at News International has great respect for Parliament and for this Committee. Of course, to be criticised by your Report was something that we responded to. We looked at the report. It was only when we had the information in December 2010 that we did something about it.

We subsequently wrote to Rebekah Brooks asking further questions about the Clifford settlement, but she declined to answer on the basis that the circumstances of the case were of interest to the Metropolitan Police. The Management and Standards Committee also cited similar concerns. Following his settlement, Max Clifford also passed evidence in his possession to the police. This has

not been volunteered to the Committee and, given the police investigation, the Committee decided not to press Max Clifford further over this.

The settlement with Max Clifford certainly did not draw a line under the affair—far from it. During 2010, eight further claims were issued; and by October 2011, the number had escalated to 65.

A claim by the designer Kelly Hoppen, in March 2010, was the first from a victim not named in the criminal charges. She also alleged that hacking had continued in 2009-10, long after the criminal convictions. As well as NGN and Glenn Mulcaire, she sued Dan Evans, another *News of the World* journalist (who was suspended in April 2010 and later arrested). The claim was settled in October 2011, after NGN paid £60,000 in damages, plus legal costs.

The case brought by Kelly Hoppen's step-daughter, the actress Sienna Miller, is—by Rebekah Brooks' and James Murdoch's admission—particularly significant. Following a court order forcing the Metropolitan Police to provide unredacted disclosures from Glenn Mulcaire's notebooks, her letter before action was sent to NGN on 6 September, 2010.

She alleged that three of her phones, and those of friends and her publicist, were hacked from January 2005 to August 2006 as part of an exercise called 'Project Sienna Miller'. The claim stated that from January 2005, NGN agreed a scheme with Glenn Mulcaire whereby 'he would, on their behalf, obtain information on individuals relating to the following: 'Political, Royal, Showbiz/ Entertainment' and that he would use electronic intelligence and eaves-dropping in order to obtain this information. He also agreed to provide daily transcripts.'

The particulars also described Glenn Mulcaire's alleged modus operandi, in which he would mark the first names of his journalist contacts in the top left hand corner of the pages of his notebooks. From the pages disclosed by the police, Sienna Miller's lawyers inferred the involvement of a named, senior *News of the World* journalist, who was not Clive Goodman. These disclosures were provided by Sienna Miller's lawyers to NGN in December, 2010.

NGN eventually admitted liability in Sienna Miller's case in May 2011, agreeing to pay £100,000 damages, plus legal costs. In February, 2011, however—despite the disclosures in December—NGN still served a defence, stating Clive Goodman had a 'direct and personal and clandestine relationship' with Glenn Mulcaire and denying its journalists had authorised Glenn Mulcaire to hack into voicemails; that it could be inferred that the other named, senior journalist had been involved; and that the personal stories cited came from 'independent (and confidential) sources'. NGN also denied that its conduct amounted to harassment and that, in any event, its 'course of conduct was, in all the circumstances, reasonable'.

We comment further on this defence with respect to News International in the next section.

In January and February 2012, all but five of the first wave of claims were settled under a case management procedure overseen in the High Court by Mr Justice Vos. Admissions made by NGN show that hacking started long before 2005. Glenn Mulcaire had been working with the newspaper from 1998 and by February, 2005 had signed at least five agreements for his services. But the practice appears to have escalated substantially between 2005 and 2006.

At least three of the victims were targeted from 2001-2002: Guy Pelly, a friend of Prince Harry; the singer Charlotte Church; and Claire Ward, the former Member of Parliament for Watford and then a member of this Committee.

Chris Bryant, MP for the Rhondda and another Member of this Committee at the time, was targeted from 2003, and victims in 2004 included Christopher Shipman, son of the serial killer Harold Shipman, whose e-mails were also hacked by Glenn Mulcaire. Victims during the escalation between 2005 and 2006 included Deputy Prime Minister John Prescott, former Olympics minister Tessa Jowell, and rugby and football players Gavin Henson and Ashley Cole.



The final case to be settled so far, that of Charlotte Church and of her family in February 2012, involved the biggest publicly announced settlement - £600,000 in all. Charlotte had been targeted since 2002, when she was just 16, and her parents James and Maria Church, too. The illegal interception—as well as the wider harassment to which it contributed - had lasting and damaging consequences:

'People working for the *News of the World* were paid to watch their every move,' the agreed Statement in Open Court related. 'Maria in particular is a vulnerable person, with a complex medical history. The *News of the World* found out about this and published private details of her hospital treatment. At her lowest moment, the *News of the World* issued her with an ultimatum and coerced her into giving them an in depth interview about herself harming and attempted suicide. She felt she had no choice...and was deeply traumatised by the publication of the story in the *News of the World*.'

In December 2011, before the settlements, NGN finally admitted that Glenn Mulcaire had helped *News of the World* journalists to hack voicemails themselves; that four employees—other than Clive Goodman—had instructed him to do so 'on a large but unquantifiable number of occasions'; and that his services were known about by other employees of NGN.

These names are contained in confidential schedules to the civil claims, which Mr Justice Vos has ordered not to be published, so as not to prejudice possible future criminal trials.

For the purposes of assessing aggravated damages in the civil claims, NGN also agreed that the cases could proceed on the basis that unnamed 'senior employees and directors' of NGN knew of the wrongdoing and sought to conceal it by knowingly putting out false public statements; deliberately failing to provide the police with all the facts; by deceiving the police over payments to Glenn Mulcaire; and destroying evidence, including e-mails and computers.

In January 2012, in a judgment ordering further disclosures by NGN, Mr Justice Vos commented, indeed, on what he had now seen regarding the alleged destruction of evidence:

'I have been shown a number of emails which are confidential and therefore I will not read them out, but suffice it to say that they show a rather startling approach to the email record of NGN and they show, because this much has been said in open court, that only three days after the solicitors for Sienna Miller had written their letter before action, asking specifically that NGN should retain any emails concerned with the claim in relation to phone hacking, what happened was that a previously conceived plan to delete emails was put into effect at the behest of senior management,' the judge stated.

**From the civil claims to date, it is clear that phone-hacking at the *News of the World* started as far back as 2001. Given the confidentiality of disclosures in the civil cases and the wishes of Mr Justice Vos not to reveal names before possible criminal proceedings, we only set out certain of the facts which are on the public record, as we have gathered them, in order to bring this Report up to date. The Metropolitan Police are currently investigating and we also do not wish to run the risk of prejudicing any future trials by going beyond what is already publicly available.—**  
(Paul Farrelly)

Question put, That the amendment be made.

The Committee divided.

Ayes, 5

Paul Farrelly  
Steve Rotheram  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Noes, 4

Dr Thérèse Coffey  
Damian Collins  
Philip Davies  
Louise Mensch

Amendment agreed to.

Paragraph 178 (now paragraph 201) read and agreed to.

Paragraph 179 (now paragraph 202) read, amended and agreed to.

Paragraph 180 (now paragraph 203) read and agreed to.

Paragraph 181 (now paragraph 204) read, amended and agreed to.

Paragraph 182 (now paragraph 205) read and agreed to.

Paragraph 183 (now paragraph 206) read, as follows:

It seems to us that there is very little difference between delegation, as described to us by the Murdochs, and senior executives deliberately being kept at one remove from decisions that are taken. The Gordon Taylor settlement was sizeable (approximately £700,000), and the claims made by Gordon Taylor had potentially very serious reputational consequences for the company. However keen senior executives may have been to delegate, it seems extraordinary that they would not have sought greater involvement in the decisions that were made given how much was at stake for the company. Yet we have been told that this is precisely what happened. Rupert Murdoch was apparently completely unaware of the Gordon Taylor settlement. James Murdoch, we have been told, authorised the settlement on the basis of a possible rushed conversation in the corridor or over the phone; a single meeting that lasted between 15 and 30 minutes; and an e-mail exchange that he took no longer than three minutes to peruse.

Amendment proposed, to leave out the first sentence.—(*Dr Thérèse Coffey*)

Amendment agreed to.

Another amendment proposed, to leave out from "However" to end of paragraph and insert:

"However much senior executives of the parent company were used to delegating to managers in their national territories, it is regrettable that they did not seek greater involvement where reputational matters were concerned. Yet we have been told this is precisely what happened. James Murdoch authorised the Gordon Taylor settlement on the basis of a single meeting that lasted between 15 and 30 minutes, relying completely on the assurances of his editor and the company's longstanding legal director."—(*Louise Mensch and Dr Thérèse Coffey*)

Question put, That the amendment be made.

The Committee divided.

Ayes, 3

Dr Thérèse Coffey  
Damian Collins  
Louise Mensch

Noes, 7

Philip Davies  
Paul Farrelly  
Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Amendment disagreed to.

Another amendment proposed, after "happened" to insert "We were told that the level of financial delegation did not require the payout of that size to be referred to the board of News Corp. This might explain why".—  
(*Dr Thérèse Coffey*)

Question put, That the amendment be made.

The Committee divided.

Ayes, 2

Dr Thérèse Coffey  
Louise Mensch

Noes, 7

Damian Collins  
Paul Farrelly  
Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Amendment disagreed to.

Paragraph 183 (now paragraph 206), as amended, agreed to.

Paragraph 184 (now paragraph 207) read as follows:

We have struggled to understand such executive carelessness and have considered whether it can be explained by deliberate policy of "don't ask don't tell" designed to shield senior executives from events taking place beneath them. This hypothesis is given weight by Neville Thurlbeck's evidence to the Committee, in which he describes being frustrated by trying to bring evidence about phone-hacking to the attention of Rebekah Brooks, by then Editor of *News of the World*, and allegedly being repeatedly denied access to her by the Managing Editor, Bill Akass. A note made by Solicitor Julian Pike of Farrer & Co of a conversation that he had had with Colin Myler on 27 May 2008 illustrates just how reluctant senior employees at the company may have been to approach James Murdoch. In the note, Colin Myler is reported as saying "James wld say get rid of them—cut out the cancer". The use of the conditional tense is striking because it shows that the issue at hand—the possible culpability of journalists at the *News of the World*—had not actually been brought to Murdoch's attention, perhaps in order to avoid the consequences that might ensue if it had been. In September 2011, we heard from Jonathan Chapman that on the papers at News International "when someone messes up badly and commits a crime, I think there was also a feeling that, yes, they have done a terrible wrong, but their family should not suffer", in other words that the cancer should not always be cut out. We considered whether employees at News International went out of their way to try to please the Murdoch family. On 19 July 2011, Rupert Murdoch told us that "I am sure there may be people who tried to please me. That could be human nature, and its up to me to see through that."

Amendment proposed, to leave out “such executive carelessness” and insert “a lack of openness with senior management”. —(*Louise Mensch*)

Question put, That the amendment be made.

The Committee divided.

Ayes, 5

Dr Thérèse Coffey  
Damian Collins  
Philip Davies  
Louise Mensch  
Mr Tom Watson

Noes, 4

Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe

Amendment agreed to.

Paragraph 184 (now paragraph 207), as amended, agreed to.

Paragraph 185 (now paragraph 208) read, amended and agreed to.

Paragraph 186 (now paragraph 209) read as follows:

In reaching our conclusions, we have asked ourselves why Tom Crone and Colin Myler and other senior *News of the World*, News Group Newspapers and News International personnel might not have shared all the information that they had about phone-hacking with James Murdoch. Two pieces of evidence suggest a possible reason. In a telephone conversation with Julian Pike, Colin Myler noted that James Murdoch “wld say get rid of them—cut out cancer.” Neville Thurlbeck told us that “it is inconceivable to me that so soon after the Clive Goodman/Glenn Mulcaire case which had rocked the company to its foundations, that he would not have initiated an internal inquiry. He didn’t”. Perhaps Tom Crone and Colin Myler did not want these things to happen and kept quiet for that reason. Perhaps there was a “don’t ask, don’t tell” culture at News International that inhibited them from involving James Murdoch. Whatever the reason, Tom Crone and Colin Myler ought to have acted upon the information they had on phone-hacking and, in failing to do so, they misled this Committee.

Motion made, to leave out paragraph 186 and insert:

The portrayal, furthermore, that we have been given to believe, of Rupert and James Murdoch being at one remove from events at the *News of the World*, as it was such a small part of the global News Corporation empire, is at odds with other evidence we have received, and which has been subsequently given to the Leveson inquiry.

Rupert Murdoch is certainly not, as part of his evidence would have us believe, a ‘hands-off proprietor’. We have Rebekah Brooks’ testimony for that:

‘Q549. Philip Davies: How many times would you speak to Rupert Murdoch when you were chief executive of News International?

Rebekah Brooks: I would speak to Mr Murdoch and James Murdoch much more regularly since I have become chief executive than I did when I was editor.

Q550. Philip Davies: Once a day? Twice a day?

Rebekah Brooks: James Murdoch and I have offices next to each other, although he has his travel schedule because of his wide responsibilities, and I would talk to Rupert Murdoch quite regularly.

Q551. Philip Davies: Once a day, twice a day – can you give me any other idea?

Rebekah Brooks: On average, every other day, but pretty regularly.'

James Murdoch, too, has testified to the Leveson inquiry about his father's role which in February 2012 with respect to launching a replacement for the *News of the World* appears to have extended to bypassing his son entirely, despite his position as Chairman and Chief Executive Officer, International, of News Corporation:

'The decision to launch a Sunday edition of The Sun was made by my father, in conjunction with the management of News International. There had previously been discussions about a Sunday paper, but the timing of the launch, the pricing of the paper and the reinstatement of the journalists were all decisions made by my father and the management of News International.'

Rupert Murdoch's close involvement with his newspapers is entirely understandable: he built his empire from a single publication in Australia and print and ink, it can be said, are in his blood. James Murdoch, clearly, has a different background. Until he took responsibility for all of News Corporation's operations in Europe and Asia, which included News International's print publications, his career had focused on broadcasting and digital media,

Nonetheless, though James Murdoch's main interests and priorities may have lain elsewhere, before authorising the Gordon Taylor settlement, he was not content to rely solely on advice from Colin Myler and Tom Crone—two experienced newspaper hands—but wanted to wait for independent counsel's opinion. As we have explored earlier, why then he did not ask to read that opinion is one of the many astonishing things about this whole affair.

As for corporate culture, James Murdoch's characterisation of the epiphany moment in December, 2010—when they allegedly realised that the 'one rogue reporter' defence could not be true and leapt into action—is also at odds with the company's behaviour afterwards. Despite contacting the police—and suspending and sacking a senior member of staff—the organisation continued to maintain that no more of its journalists had been involved with Glenn Mulcaire in its defence to Sienna Miller's claim several weeks later in February, 2011.

Far from having an epiphany at the end of 2010, the truth, we believe, is that by spring 2011, because of the civil actions, the company finally realised that its containment approach had failed, and that a 'one rogue reporter' - or even 'two rogue journalists'—stance no longer had any shred of credibility. Since then, News Corporation's strategy has been to lay the blame on certain individuals, particularly Colin Myler, Tom Crone and Jonathan Chapman, and lawyers, whilst striving to protect more senior figures, notably James Murdoch. Colin Myler, Tom Crone and Jonathan Chapman should certainly have acted on information they had about phone-hacking and other wrongdoing, but they cannot be allowed to carry the whole of the blame, as News Corporation has clearly intended. Even if there were a 'don't ask, don't tell' culture at News International, the whole affair demonstrates huge failings of corporate governance at the company and its parent, News Corporation.

Question put, That the amendment be made.

The Committee divided.

Ayes, 6

Paul Farrelly  
Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Noes, 4

Dr Thérèse Coffey  
Damian Collins  
Philip Davies  
Louise Mensch

Amendment agreed to.

New paragraphs—(*Mr Tom Watson*)—brought up and read, as follows:

The history of the *News of the World* at hearings of the Committee is a long one, characterised by “collective amnesia” and a reluctance fully and fairly to provide the Committee with the information it sought. News International has repeatedly stone-walled, obfuscated and misled and only come clean, reluctantly, when no other course of action was sensible and when its wider commercial interests were threatened. In Rupert Murdoch's own words to the Leveson inquiry, News Corporation in the UK mounted a cover-up.

In any company, the corporate culture comes from the top. In the case of the *News of the World* this is ultimately the American parent company of News International, News Corporation and its chairman and chief executive, Rupert Murdoch. Rupert Murdoch has repeatedly claimed that News Corporation has a zero tolerance approach towards wrongdoing. He stated this, indeed, long before he gave evidence to the committee, when he gave the inaugural Thatcher Lecture in London on 21 October 2010: “we will not tolerate wrongdoing,” he told his audience. He also made similar statements at the annual general meeting of News Corporation in Los Angeles in October 2011 when, in relation to phone-hacking, he said there was ‘no excuse for such unethical behaviour’ at the company and that staff had to be ‘beacons for good, professional and ethical behaviour’.

On 8 April 2011, News International finally issued a statement admitting that phone-hacking had indeed occurred in a number of cases and was not restricted to the *News of the World's* former royal reporter, Clive Goodman. It offered certain civil litigants an unreserved apology and a compensation scheme. At this point, the ‘single rogue reporter’ defence was clearly dead. That defence had become very questionable long before, but now that News International had finally acknowledged that hacking had been widespread, it was clearly no longer tenable.

In his testimony to us and also the Leveson inquiry, Rupert Murdoch has demonstrated excellent powers of recall and grasp of detail, when it has suited him. Had he been entirely open with shareholders on 21 October 2010 - and with this Committee on 19 July 2011 - he would have learned for the first time on some date between 21 October 2010 and 8 April 2011 that he had been misled by senior employees of his company.

Such a revelation, had it happened, would have been a shock. He was the chairman and chief executive officer of a major international company. He had repeatedly given clear and categorical assurances to the general public, and to his shareholders, that phone-hacking and other wrongdoing were not widespread and would not be tolerated at News International. These assurances had now turned out to be false. This is not a situation a chief executive would or could tolerate, still less simply ignore. Action would have been taken.

Yet, when asked by the Committee if he “knew for sure in January [2011] that the ‘one rogue reporter’ line was false”, he replied: ‘I forget the date.’ [Q200]. This is barely credible. Had he really learned for the first time at some point in the six months following his Thatcher Lecture that he had been deceived, and so that he in turn had deceived the public and his shareholders, that moment

would have been lodged forever in his memory. It would have been an unforgettable piece of information.

On the other hand, had he suspected all along that phone-hacking and other wrongdoing was endemic at the *News of the World*—that the means justified the ends in beating the competition and getting the story—and that elaborate, expensive steps were being taken to conceal it, it is entirely understandable that the precise moment between 21 October 2010 and 8 April 2011, when he recognised the game was up, might have slipped his memory. And all the more so, had he already realised the truth long before those dates.

In such circumstances, even if he took no part in discussions about what to reveal and when, there would probably not have been a clear moment of revelation. There would have been a gradual erosion of the ‘one rogue reporter’ fiction to the point where a collective decision to abandon it would have been taken. In those circumstances, it would be entirely understandable that he should forget the date, if indeed there was a single date on which the decision was taken, rather than an unfolding contingency plan involving gradual admissions.

The notion that—given all that had gone on, right back to evidence given over payments to the police to our predecessor Committee in 2003—a hands-on proprietor like Rupert Murdoch had no inkling that wrongdoing and questionable practice was not widespread at the *News of the World* is simply not credible. Given his evidently fearsome reputation, the reluctance of News International employees to be open and honest internally and in their evidence to the Committee is readily understandable. In assessing their evidence, the culture emanating from the top must be taken into account, and is likely to have had a profound effect on their approach in 2007 and 2009 in evidence given to the Committee.

A further example of this culture and Rupert Murdoch and his management’s failure to focus on serious wrongdoing within the organisation was his response to the Committee’s questions about attempts by Neville Thurlbeck, then chief reporter of the *News of the World*, to blackmail two of the women involved in the newspaper’s controversial exposure of Max Mosley’s private life. His reply that this was the first he had heard of this claim and that no one in the UK company had brought the allegation to his attention—if this was indeed the case—indicates a seriously wrong state of affairs in his company. Furthermore, it appears that having had the matter brought to his attention during questioning by our committee, he had still not read the Eady judgement by the time he gave evidence to the Leveson inquiry on 26th April 2012.

When asked if he agreed with the judge in that case that this “discloses a remarkable state of affairs at News International”, Rupert Murdoch replied “no”. He appeared to see nothing unusual in News International failing to investigate or take action when a senior employee was cited by a High Court judge as resorting to blackmail in the course of his employment. This wilful turning of a blind eye would also explain Rupert Murdoch’s failure to respond (or to have another executive respond) to a letter sent to him in New York by Max Mosley on 10 March 2011, inviting him to order an investigation at News International into the blackmail allegation.

Another example of Rupert Murdoch’s toleration of alleged wrongdoing is his reinstatement, on 17 February 2012, of journalists who had been arrested. This is in contrast to most organisations this Committee can think of, which would have suspended such employees until the police had confirmed that no charges were being brought.

Rupert Murdoch told this Committee that his alleged lack of oversight of News International and the *News of the World* was due to it being “less than 1% of our company”. This self-portrayal, however, as a hands-off proprietor is entirely at odds with numerous other accounts, including those of previous editors and from Rebekah Brooks, who told us she spoke to Rupert Murdoch regularly and ‘on average, every other day’. It was, indeed, we consider, a misleading account of his involvement and influence with his newspapers.

On the basis of the facts and evidence before the Committee, we conclude that, if at all relevant times Rupert Murdoch did not take steps to become fully informed about phone-hacking, he turned a blind eye and exhibited wilful blindness to what was going on in his companies and publications. This culture, we consider, permeated from the top throughout the organisation and speaks volumes about the lack of effective corporate governance at News Corporation and News International. We conclude, therefore, that Rupert Murdoch is not a fit person to exercise the stewardship of a major international company.

Question put, That the paragraphs be read a second time.

The Committee divided.

Ayes, 6

Paul Farrelly  
Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Noes, 4

Dr Thérèse Coffey  
Damian Collins  
Philip Davies  
Louise Mensch

Paragraphs inserted (now paragraphs 216 to 229).

Paragraphs 187 to 221 (now paragraphs 230 to 264) read and agreed to.

Paragraph 222 (now paragraph 265) read, amended and agreed to.

Paragraphs 223 to 231 (now paragraphs 266 to 274) read and agreed to.

Paragraph 232 read as follows:

On the veracity of the evidence the Committee has received, we are able to draw conclusions about some of the witnesses:

- Les Hinton misled the Committee in 2009 in not telling the full truth about payments to Clive Goodman and in the extent of his knowledge of allegations of widespread phone-hacking.
- Tom Crone misled the Committee in 2009 in giving a counter-impression of the significance of confidentiality in the Gordon Taylor settlement.
- Tom Crone and Colin Myler misled the Committee in 2009 by answering questions falsely about their knowledge of evidence that other *News of the World* employees had been involved in phone-hacking.

Motion made, to leave out paragraph 232 and insert:

As to the veracity of the evidence the Committee has received, we are able to draw the following conclusions about certain of the witnesses, and about News International corporately:

- Les Hinton misled the Committee in 2009 in not telling the truth about payments to Clive Goodman and his role in authorising them, including the payment of his legal fee. He also misled the Committee about the extent of his knowledge of allegations that phone-hacking extended beyond Clive Goodman and Glenn Mulcaire to others at the *News of the World*.



- Tom Crone misled the Committee in 2009 by giving a counter-impression of the significance of confidentiality in the Gordon Taylor settlement and sought to mislead the Committee about the commissioning of surveillance.
- Tom Crone and Colin Myler misled the Committee by answering questions falsely about their knowledge of evidence that other *News of the World* employees had been involved in phone-hacking and other wrongdoing.
- Corporately, the *News of the World* and News International misled the Committee about the true nature and extent of the internal investigations they professed to have carried out in relation to phone hacking; by making statements they would have known were not fully truthful; and by failing to disclose documents which would have helped expose the truth. Their instinct throughout, until it was too late, was to cover up rather than seek out wrongdoing and discipline the perpetrators, as they also professed they would do after the criminal convictions. In failing to investigate properly, and by ignoring evidence of widespread wrongdoing, News International and its parent News Corporation exhibited wilful blindness, for which the companies' directors—including Rupert Murdoch and James Murdoch— should ultimately be prepared to take responsibility.

The effect of these actions and omissions is that the Committee's Report to the House in February 2010 on Press standards, privacy and libel was not based on fully accurate evidence. False evidence, indeed, prevented the Committee from exposing the true extent of phone-hacking.—(Paul Farrelly)

Question put, That the amendment be made.

The Committee divided.

Ayes, 7

Damian Collins  
Paul Farrelly  
Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Noes, 3

Dr Thérèse Coffey  
Philip Davies  
Louise Mensch

Paragraph 233 (now paragraph 276) read, amended and agreed to.

A paragraph (now paragraph 277) inserted.

Another paragraph (now paragraph 278) inserted.

Another paragraph (now paragraph 279) inserted.

Paragraph 234 (now paragraph 280) read and agreed to.

Annex 1 amended and agreed to.

Annex 2 amended and agreed to.

*Resolved*, That the title of the Report be changed as follows, News International and Phone-hacking.—(The Chair)

Motion made, and Question put, That the Report, as amended, be the Eleventh Report of the Committee to the House.

The Committee divided.

Ayes, 6

Paul Farrelly  
Steve Rotheram  
Mr Adrian Sanders  
Jim Sheridan  
Mr Gerry Sutcliffe  
Mr Tom Watson

Noes, 4

Dr Thérèse Coffey  
Damian Collins  
Philip Davies  
Louise Mensch

*Resolved*, That the Report, as amended, be the Eleventh Report of the Committee to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 15 May at 10.15 am

## Witnesses

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### Thursday 24 March 2011

**John Yates QPM**, Acting Deputy Commissioner of the Metropolitan Police Service Ev 1

### Tuesday 19 July 2011

**Rupert Murdoch**, Chairman and Chief Executive Officer, News Corporation, and **James Murdoch**, Chairman, News International Ev 16

**Rebekah Brooks**, former Chief Executive, News International Ev 41

### Tuesday 6 September 2011

**Jonathan Chapman**, former Director of Legal Affairs, News International, and **Daniel Cloke**, former Group HR Director, News International Ev 58

**Tom Crone**, former Legal Manager, News Group Newspapers, and **Colin Myler**, former Editor, News of the World Ev 71

### Wednesday 19 October 2011

**Julian Pike**, Partner, Farrer & Co. Ev 96

**Mark Lewis**, Partner, Taylor Hampton Solicitors Ev 108

### Monday 24 October 2011

**Les Hinton**, Former Executive Chairman, News International Ev 119

### Thursday 10 November 2011

**James Murdoch**, Deputy Chief Operating Officer and Chairman and Chief Executive Officer (International), News Corporation Ev 131

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1	John Yates QPM, Acting Deputy Commissioner, Metropolitan Police	Ev 159
2	Keir Starmer QC, Director of Public Prosecutions	Ev 161
3	John Yates QPM, Assistant Deputy Commissioner, Metropolitan Police	Ev 165: 166
4	Rebekah Brooks, CEO, News International	Ev 166: 167: 231
5	Chair of the Culture, Media and Sport Committee to Rebekah Brooks, CEO, News International	Ev 167
6	James Murdoch, Deputy Chief Operating Officer and Chairman and CEO, International, News Corporation	Ev 167: 168: 169: 172: 236: 265: 273: 283: 285: 287
7	Chair of the Culture, Media and Sport Committee to James Murdoch, Deputy Chief Operating Officer and Chairman and CEO, International, News Corporation	Ev 168: 188: 264: 281: 284
8	Rupert Murdoch, Chairman and Chief Executive Officer, News Corporation	Ev 168
9	Chair of the Culture, Media and Sport Committee to Rupert Murdoch, Chairman and Chief Executive Officer, News Corporation	Ev 168
10	Sly Bailey, Chief Executive, Trinity Mirror Plc	Ev 169
11	Louise Mensch MP	Ev 170
12	Harbottle & Lewis	Ev 170
13	Jonathan Chapman	Ev 171
14	Rebekah Brooks, former CEO, News International	Ev 190: 222: 266
15	Chair of the Culture, Media and Sport Committee to Rebekah Brooks, former CEO, News International	Ev 190: 222: 223: 267
16	Jonathan Chapman	Ev 190
17	Chair of the Culture, Media and Sport Committee to Jonathan Chapman	Ev 197
18	Colin Myler	Ev 197: 238: 255: 257
19	Chair of the Culture, Media and Sport Committee to Colin Myler	Ev 198: 238: 256
20	Tom Crone	Ev 199: 253: 268
21	Chair of the Culture, Media and Sport Committee to Tom Crone	Ev 201: 254: 270
22	Harbottle & Lewis LLP	Ev 202: 204
23	Chair of the Culture, Media and Sport Committee to Harbottle & Lewis	Ev 219
24	Baroness Buscombe, Chairman, Press Complaints Commission	Ev 221
25	Mark Lewis, Taylor Hampton Solicitors	Ev 221: 236
26	Linklaters LLP	Ev 221: 231
27	Daniel Cloke	Ev 223
28	Chair of the Culture, Media and Sport Committee to Daniel Cloke	Ev 224
29	Anthony Burton, Partner, Simons Muirhead & Burton	Ev 225
30	Chairman of the Culture, Media and Sport Committee to Stuart Kuttner	Ev 225
31	Farrer & Co Solicitors	Ev 225: 239
32	Chair of the Culture, Media and Sport Committee to Farrer & Co	Ev 227
33	Lawrence Abramson, Partner, Fladgate LLP	Ev 227
34	Chair of the Culture, Media and Sport Committee to Lawrence Abramson, Partner, Fladgate LLP	Ev 228
35	BCL Burton Copeland	Ev 228

36	Chair of the Culture, Media and Sport Committee to BCL Burton Copeland	Ev 229
37	Les Hinton, former Executive Chairman, News International	Ev 229
38	Chair of the Culture, Media and Sport Committee to Les Hinton, former Executive Chairman, News International	Ev 230
39	DLA Piper UK LLP	Ev 230
40	Chair of the Culture, Media and Sport Committee to Andy Coulson	Ev 230
41	James Saunders, Saunders Law Ltd	Ev 234
42	Linklaters LLP, on behalf of the Management and Standards Committee	Ev 234: 254: 263: 271: 273: 280: 282: 284: 291
43	Chair of the Culture, Media and Sport Committee to Linklaters LLP	Ev 235
44	Chair of the Culture, Media and Sport Committee to Mark Lewis, Taylor Hampton Solicitors	Ev 236
45	Michael Silverleaf QC	Ev 237
46	Chair of the Culture, Media and Sport Committee to Michael Silverleaf QC	Ev 237
47	Chair of the Culture, Media and Sport Committee to Julian Pike, Partner, Farrer & Co	Ev 252: 259
48	Julian Pike, Farrer & Co	Ev 259
49	Neville Thurlbeck	Ev 260
50	Chair of the Culture, Media and Sport Committee to Neville Thurlbeck	Ev 262
51	Surrey Police	Ev 274
52	Chair of the Culture, Media and Sport Committee to Surrey Police	Ev 280
53	Metropolitan Police	Ev 281: 286
54	Chair of the Culture, Media and Sport Committee to the Metropolitan Police	Ev 282: 286
55	Chair of the Culture, Media and Sport Committee to Linklaters LLP, on behalf of the Management and Standards Committee	Ev 283: 284: 291
56	Mark Thomson, Atkins Thomson Solicitors	Ev 292

## List of Reports from the Committee during the current Parliament

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The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

### Session 2010–12

First Special Report	Press standards, privacy and libel: Responses to the Committee's Second Report of Session 2009-10	HC 351
Second Special Report	BBC Annual Report 2008-09: BBC Trust's response to the Committee's Fifth Report of Session 2009-10	HC 352
Third Special Report	Channel 4 Annual Report: Responses to the Committee's First Report of Session 2010-11	HC 891
Fourth Special Report	BBC Licence Fee Settlement and Annual Report: Responses to the Committee's Fourth Report of Session 2010-12	HC 1375
Fifth Special Report	Unauthorised disclosure of draft Report	HC 1638
Sixth Special Report	Spectrum: Government Response to the Committee's Eighth Report of Session 2010-12	HC 1771
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Third Report	Funding of the arts and heritage	HC 464-I, II & III
Fourth Report	BBC Licence Fee Settlement and Annual Report	HC 454
Fifth Report	Pre-appointment hearing with the Government's preferred candidate for Chairman of the S4C Authority. First joint Report with the Welsh Affairs Committee	HC 1061-I
Sixth Report	2018 World Cup Bid	HC 1031
Seventh Report	Football Governance	HC 792-I, II & III
Eighth Report	Spectrum	HC 1258
Ninth Report	2018 World Cup Bid: Responses to the Committees Sixth Report of Session 2010-12	HC 1602
Tenth Report	Channel 4 Annual Report	HC 1175