

NI Group Limited  
R. Caseby  
Fifth Statement  
Exhibit RC12  
18 July 2012

**IN THE MATTER OF THE LEVESON INQUIRY INTO THE CULTURE, PRACTICES AND  
ETHICS OF THE PRESS**

---

**EXHIBIT RC12**

---

This is the exhibit marked "RC12" referred to in the fifth witness statement of Richard Caseby dated the 18<sup>th</sup> day of July 2012.

The Revenue say they cost the UK £4.5bn a year. The Chancellor says the most aggressive of them are 'morally repugnant'. The Times reveals the secrets of ...

# The tax avoiders

Alexi Mostrous Special Correspondent

Thousands of wealthy people in Britain pay as little as 1 per cent income tax using "below the radar" accounting methods, part of a tax avoidance industry that costs the country billions of pounds.

An investigation by *The Times* into tax avoidance begins today with the exposure of a single Jersey-based scheme that shelters £168 million a year from the taxman.

Jimmy Carr, the comedian who performed for the Queen at the Diamond Jubilee celebrations this month, is understood to be the largest beneficiary of the K2 tax scheme.

Mr Carr shelters £3.3 million a year through K2, which is used by 1,100 tax avoiders, according to an accountant selling the scheme.

When *The Times* approached Mr Carr, his lawyers confirmed his membership of K2. They denied any wrongdoing and said that the scheme had been disclosed to the relevant bodies in accordance with legal requirements.

K2 is one of a number of tax avoidance schemes identified by *The Times* that are flourishing despite government promises to crack down on the practice. Although corporate tax planning by major companies has attracted publicity recently, avoidance by rich individuals is the bigger problem.

Individual tax avoidance costs the economy £4.5 billion out of £7 billion lost in total every year, according to Revenue & Customs.

*The Times* has amassed detailed evidence of schemes that allow the rich to minimise tax through offshore loans and film and music investments. Senior Revenue sources have told how many banks have habitually used complex offshore loans to help their staff to shelter millions of pounds in tax.

In March George Osborne, the Chancellor, used the Budget to condemn aggressive tax avoidance as "morally

repugnant". Yet on the following day Roy Lyness, of Peak Performance Accountants, which runs the K2 scheme, assured his clients: "We're

delighted to inform you that most of the powerful tax-saving opportunities survived unscathed."

Posing as an IT consultant earning £280,000 a year, a *Times* reporter contacted a number of avoidance specialists offering schemes to people on salaries above £100,000. Mr Lyness promised that K2 could slash a hypothetical tax bill of £127,000 to only £3,500, equivalent to a personal income tax rate of 1.25 per cent.

"It's a game of cat and mouse," he said. "The Revenue closes one scheme, we find another way round it."

"It's like a sat-nav. I'm driving to Manchester, get a message saying there's a smash at Stoke, press this button to re-route. That's all we do with tax avoidance. The Revenue puts a block in, we just go round the block."

K2 works by transferring salaries into a Jersey-based trust, which lends investors back the money. As the loan can technically be recalled, it is not subject to income tax.

Mr Lyness revealed that a comedian "pays himself about £100,000 salary and puts £3.3 million through the solution". He later confirmed that the comedian was Mr Carr.

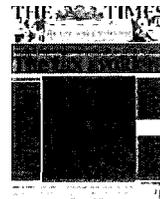
Graham Aaronson, QC, a tax barrister who has written new rules for the Government to combat aggressive, albeit legal, tax schemes, said that schemes like K2 made his blood boil. "People ask me how much tax I pay," Mr Aaronson said. "At the moment it's 50 per cent. I feel absolutely furious when people tell me they pay 3 per cent because of some artificial scheme."

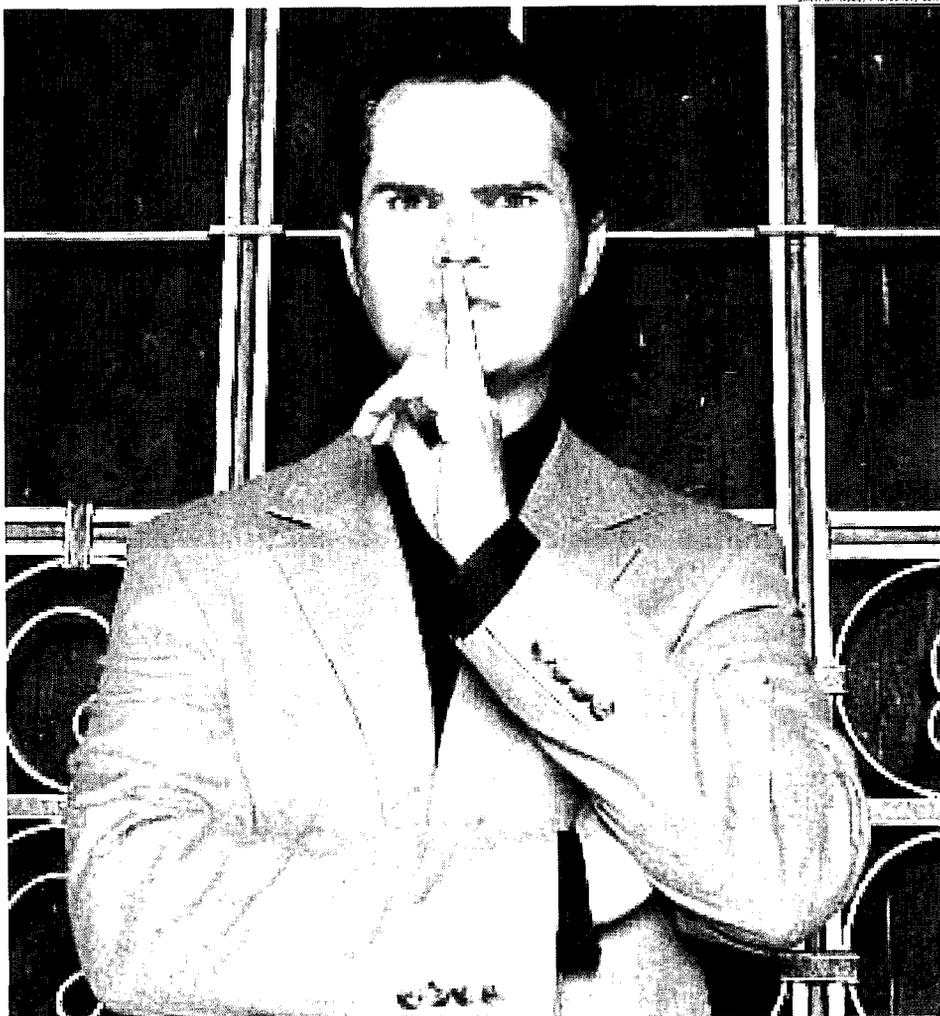
Mr Lyness remained confident, however, assuring the reporter: "We expect the process to take at least three years to get a proper ... rule in place. We say

make hay while the sun shines."

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





The comedian Jimmy Carr is thought to be the largest beneficiary of a scheme that shelters £168 million from the Revenue

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# 'It's like a sat-nav. They put a block in, we go round it'

Alexi Mostrous went undercover to find out how tax experts keep within the law while helping wealthy clients to stay ahead of the Revenue

## Secrets of the tax avoiders

**O**n the morning that George Osborne delivered his Budget to the House of Commons in March, 30 wealthy businessmen gathered quietly in a four-star hotel outside Birmingham. Over croissants and coffee, accountants mingled with property developers and entrepreneurs before filing into a discreet room.

Televisions at the Copthorne Hotel would soon show the Chancellor of the Exchequer angrily condemning aggressive tax avoiders as "morally repugnant". But for Roy Lyness, the bald, fast-talking director of Peak Performance, the moral issues were clear.

He told the assembled businessmen: "I passionately believe that if there was a flat rate of tax in this country people wouldn't mind paying it and we wouldn't need to be in the room this morning. I've paid very little tax personally for the last six years by using the same strategies we recommend to our clients."

After handing around branded notepaper saying "40 per cent tax is optional", Mr Lyness spent two hours revealing four aggressive tax-avoidance schemes designed exclusively for top-rate taxpayers.

Likening the methods to a driver using a sat-nav to avoid congestion, he shared his key strategy: "The Revenue puts a block in. We just go round the

block."

The Times gained access to the seminar and to a subsequent meeting with Mr Lyness by posing as an IT computer consultant who was earning £280,000 per year.

He was candid, but made clear that a low profile was essential. "We want to keep it below the radar as long as we can," he said. "Obviously if you stick it in HMRC's face they'll look at it, so we don't broadcast. It's like a red rag to a bull."

Mr Lyness pitched a tax scheme called K2 that he promised would slash the reporter's fake £127,000 PAYE tax bill to just £3,500.

"You will net around 82 per cent of £280,000, which, if you look at what you're taking home now, it'll bring you up to £235,000," Mr Lyness said. "You are looking at £80,000 extra a year."

In return for participating in the scheme, Peak Performance charges members about 18 per cent of the salary they shelter. In the undercover reporter's case, this would be about £40,000 a year. The company's cut comes from the £127,000 that would normally have gone to the taxman — allowing the reporter to keep the entire £80,000 saving.

More than 1,100 people in the UK use K2 to shelter £14 million a month from the tax man, Mr Lyness claimed.

### HOW K2 WORKS

K2 works in three stages, Mr Lyness told those assembled.

First, a member must resign from their employment and become an employee of K2, a Jersey-based company. The member's original employer must then agree to pay for the worker's services through K2, paying the old salary

to the Jersey company.

K2 then pays the member the minimum wage and lends the balance through a separate Jersey-based trust.

Since loans are not taxable, the member will avoid tax on the vast majority of their salary and only pay income tax on the minimum wage. As such, a higher-rate taxpayer on £280,000 would enjoy a personal tax rate of just 1.25 per cent.

The scheme works only because Peak Performance and its investors tell

“It's a game of cat and mouse. The Revenue closes one scheme, we find a way round it”

Roy Lyness,  
Peak Performance Accountants

Go online to watch highlights of the undercover video

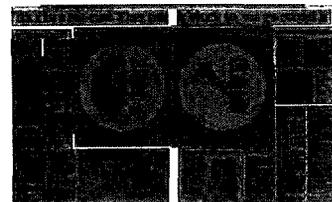
[thetimes.co.uk/taxavoiders](http://thetimes.co.uk/taxavoiders)

the Revenue that the loans could technically be recalled. But in subsequent conversations with Mr Lyness and his colleagues, The Times's reporter was assured that such a thing was unlikely to happen.

"We say as little as possible, most of what we do is by telephone," Ian Woodall, a colleague of Mr Lyness, said. "You can't set it out in writing, because if we told you in writing that the loan would never be repaid it's not a loan. No one has ever been in a posi-

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



tion where they have had to repay... In practice, it's not going to happen."

The *Times* asked a specialist QC about tax-avoidance schemes centered on loans. The QC said that the courts would look at the facts realistically to determine the true relationship between the parties.

"A loan that is not really intended to be a loan but is crafted as a loan should not be treated as a loan," the QC said. "If [a party were to] execute documents which they do not intend to act upon, it may cross the border into evasion."

There is no suggestion that K2 was designed to circumvent the law in this

way. The QC wished to remain anonymous because he advises on similar schemes.

#### ONE-ON-ONE MEETING

As the public seminar at the Copthorne Hotel came to an end, Mr Lyness invited the undercover reporter to a one-on-one session, where he revealed more details about K2.

For £40,000 fees a year, Mr Lyness said that the reporter would receive the benefits of the scheme, which included the tax savings as well as a contribution into a £1.2 million "fighting fund" specifically set up to defend legal attacks from Revenue & Customs.

The rest of the £40,000 would be spent on K2's administration, including employing a team based in Cardiff to send out invoices on K2's behalf.

"It's the costs of Cardiff, the processing, the payroll, the barrister's fees," Mr Lyness explained. "But the way you've got to look at it is, I'm earning £150,000 now and I'm going to be earning £230,000, so why am I actually bothered about it?"

Under an HMRC regime called DOTAS (Disclosure of tax avoidance schemes), which was brought in eight years ago, users of certain tax-avoidance schemes have to disclose their involvement. The Revenue may then launch an inquiry into the member's tax returns.

But Mr Lyness said of K2: "The beauty of this is that neither you as an individual nor the company are participating in a DOTAS strategy. You don't have to do anything other than, on your tax return at the end of the year, you'd simply show your salary from K2 [and] you'd declare a benefit-in-kind on the loan."

He said that Revenue & Customs

knew about the K2 scheme but had only raised three challenges to it over eight years. "Every time they've backed off," he said. "The questions they are asking indicate they have got no idea what they are doing."

When told by *The Times* about the scale of the K2 scheme, a senior HMRC official said that its anti-avoidance group would look into the matter urgently.

Mr Lyness said that K2 was less likely to be challenged by HMRC than other tax avoidance schemes promoted by Peak Performance. He said that the Jersey trust used by K2 would have to register with the Revenue. "But, from your perspective and your company's perspective, you're simply the beneficiary of a loan."

Under the existing law, the Revenue does not pre-approve or clear tax avoidance schemes. The Revenue received 4,506 notifications in the past tax year of instances where companies or individuals have used registered DOTAS tax-avoidance schemes. Such schemes, while legal, will attract tax queries and may be challenged, but it can take years for the Revenue to examine the arrangements.

Mr Woodall said that K2 changed its name every few years in order to avoid the tax liabilities building up. "Before K2 it was Hamilton. Before Hamilton it was Penfolds. Before Penfolds it was Assignment Solutions."

In the very moment that Mr Osborne concluded his Budget to the cheers of Conservative backbenchers, Mr Lyness scoffed at the Chancellor's attempt to bring in a general "anti-avoidance" rule [GAAR] that was recommended by Graham Aaronson QC, a leading tax barrister. Such legislation aims to introduce a catch-all law by next year to outlaw all aggressive tax-avoidance schemes.

"We suspect the announcement [of the GAAR] will be more of an intention," Mr Lyness said. "We say, make hay while the sun shines. If in three or four years it gets stopped, hopefully it'll be something else. If not, you just go back on the books."

K2's providers paid £750,000 to tax barristers to appraise the scheme, Mr Lyness said. One leading tax counsel was paid £25,000 for an hour's conference call. "The Revenue's budget for its tax barristers runs out four months into every tax year," Mr Lyness said.

When presented with evidence of

what he had said and asked to comment upon the scheme, Mr Lyness said that K2 had been fully disclosed under the DOTAS regulations and that the Revenue was aware of the structure. Peak Performance takes the need to ensure structures are compliant with tax rules very seriously, he said.

"HMRC has at all times been provided with full details of any tax scheme promoted by Peak Performance Accountants," he added, speaking on behalf of both Peak Performance and his own accountancy firm.

"We act daily in the best interest of our clients, helping them to manage their portfolios in the most effective manner."

[alex.mostrous@thetimes.co.uk](mailto:alex.mostrous@thetimes.co.uk)

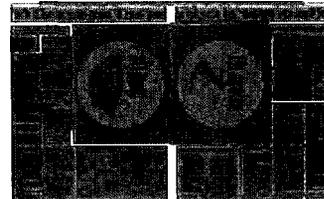
## Tomorrow: inside the music industry

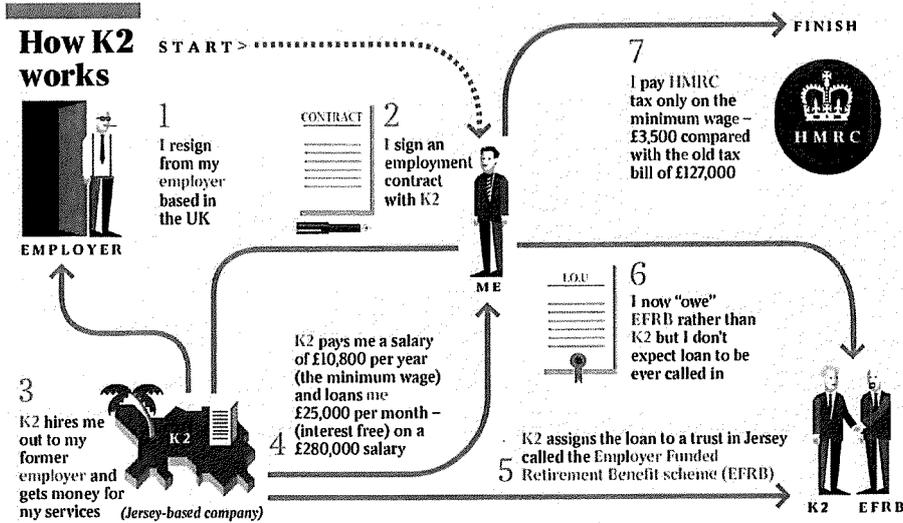
“I regard tax evasion and indeed aggressive tax avoidance as morally repugnant”

George Osborne,  
Budget statement  
March 21, 2012

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





## Issue is in the public interest

### The use of subterfuge

**T**he Editors' Code of Practice states that covert recording and filming can only be used without consent if the Editor can demonstrate that he believed it to be in the public interest to do so.

"Subterfuge" is where a reporter does not reveal that he is a journalist. Under the Code it can only be justified in the public interest and then only when the material cannot be obtained by other means.

This investigation raises a serious matter that affects everyone: who pays tax, who does not, how people avoid

David Gauke: avoiding tax is "unacceptable"



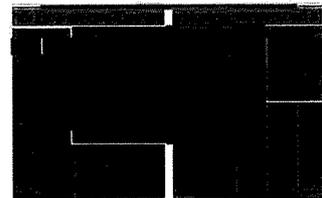
tax and the impact on the public purse. *The Times* believes this reporting is in the public interest.

The Government's position, articulated by David Gauke, the Treasury Minister, is that it is "unacceptable... at a time when we are trying to bring down the deficit, that there are those who try to avoid paying the tax they owe".

Tax specialists only divulge advice and methods to each other and to potential clients, a close group of high-net-worth individuals. Investors have no incentive to share details of tax planning with anyone. By using subterfuge *The Times* was able to collect information that would have been closely guarded.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## A £150k offer to make a million

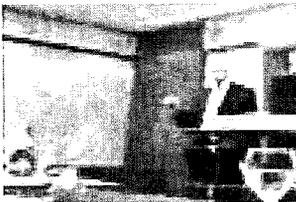
How the investigation began

**I**n February a hedge-fund contact revealed that he had been offered a win-win opportunity to invest £150,000 in a film that would generate tax relief worth more than £1 million — even if it flopped. The contact, who did not take up the offer, said that such tax avoidance schemes were rife in the City.

Independent research established the existence of a network of accountants controlled by tax avoidance specialists called Peak Performance. Peak's

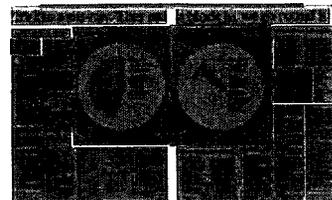
representative would not give out any information over email because he said that he did not want Revenue & Customs getting hold of any paperwork.

The representative said that the company's tax schemes could slash tax bills for rich clients in a way that should "frighten and excite" a potential investor. More information would only be divulged at a seminar in Birmingham the following month. It was at that seminar that Roy Lyness divulged the existence of the K2 tax scheme.



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Starvation rations for the taxman

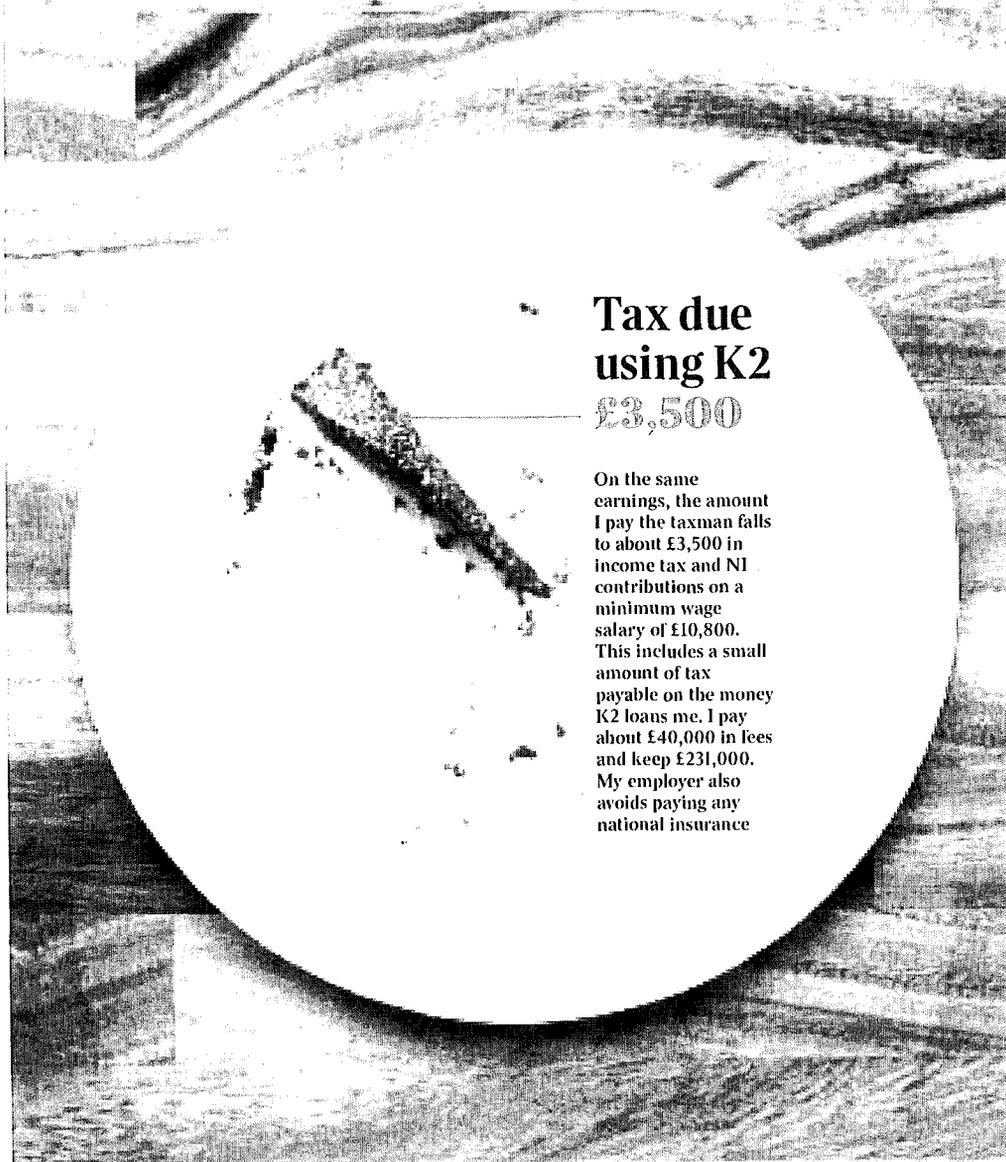


Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)

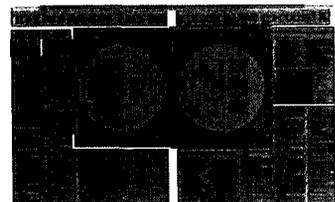


GRAPHICS: MATTHEW SMITH FOR THE TIMES / PHOTOGRAPHY: LUK PHOTOGRAPHICAL



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## The comedian and his sheltered millions

Alexi Mostrous, Fay Schlesinger

A year ago Jimmy Carr, appeared on *10 O'Clock Live* on Channel 4 wearing a blonde wig.

Lamponing Barclays, which had been criticised for carrying out a tax-avoidance scheme, the comedian played a female bank clerk ready to impart some advice.

"Why don't you apply for the Barclays' 1 per cent tax scam," Carr joked. "You will need the world's biggest, most aggressive team of blood-hungry amoral tax lawyers. If you meet the criteria, you'll pay 1 per cent tax, like Barclays do."

What Carr did not disclose, however, was that he used aggressive — albeit legal — tax-avoidance schemes himself.

One of Channel 4's biggest stars, Carr is a member of K2, a scheme examined by *The Times*. K2's members pay income tax rates of as little as 1 per cent.

According to K2's provider, Carr, 39, shelters £3.3 million a year by channeling proceeds from DVD sales and television appearances through a Jersey-based company that then "lends" him the money back. Since loans are untaxable, Carr, like other K2 members, is likely to have avoided paying significant sums to Revenue & Customs.

The comedian has become a regular on television, hosting Channel 4 shows such as *8 out of 10 Cats* and *10 O'Clock Live* and appearing as a guest on the BBC's *Have I Got News For You?*

A career highlight came this month when he appeared alongside Gary Barlow, Sir Cliff Richard and Cheryl Cole in a concert outside Buckingham Palace to mark the Queen's Diamond Jubilee. "We get to meet the Royals later on," he said. "What do you say? I guess — just call me Mr Carr."

Carr has a reputation for being one of the industry's hardest workers, combining up to 300 stand-up shows a year with his TV work. His activities have brought him such financial success that in 2010 he bought a house worth £8.5 million.

In a series of covertly recorded meetings, K2's providers did not divulge his name but boasted that "a top-level comedian" had used the K2

scheme successfully for a number of years. "How much is the highest amount you think we've got going through this solution?" Roy Lyness, director of Peak Performance Accountants, asked assembled businessmen in March. "£3.3 million. That's actually a well-known comedian.

"He's got his own company, it's making about £4-£4.5 million. He pays himself £100,000 salary and puts through £3.3 million."

Analysis of Carr's publicly available accounts shows that four out of five companies that he controls were set up by Blue Cube, part of the Peak Performance network of accountants that sells K2. Blue Cube markets itself as offering "remuneration planning for directors of limited companies resulting in between 0 and 25 per cent tax".

James Norman, one of Blue Cube's directors, is one of five directors of Peak Performance Accountants Ltd. Mr Lyness is another.

Mr Norman, a contemporary from Carr's school days in Slough, jointly owns a company called Offence Defence with the comedian. The company was used to buy Carr's multi-million-pound home.

Mr Carr's lawyers told *The Times* that his membership of K2 was disclosed to the relevant tax authorities in accordance with legal requirements and that he, like other high-net-worth individuals, managed his tax affairs efficiently.

They said that his financial arrangements were a private matter and the fact that he arranges his affairs in a tax-efficient manner, in common with other high-net-worth individuals, was completely un-newsworthy.

Mr Norman said that HMRC was fully aware of any tax-avoidance schemes used by his clients.

Most of Mr Carr's companies appear to have been set up by Blue Cube. The company accounts show large sums of money moving in and out, with relatively small sums of less than £1 million retained each year.

Mr Carr was also a member of an aggressive avoidance scheme called Rushmore. The scheme was shut down by the Treasury in 2009.

Leading article, page 2

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## 'Highly abusive and contrived ... we're talking about a scam'

Analysis Alexi Mostrous, Fay Schlesinger

Parliament has heard only rarely about specific cases, but when they have spoken of tax avoidance schemes, government ministers have been damning.

In 2009 Stephen Timms, the Labour Treasury Secretary, shut down a scheme called Rushmore that he said would otherwise cost the Exchequer £200 million.

The Rushmore strategy, according to documents seen by *The Times*, offered members the chance to create artificial losses that could then be offset against their personal income.

Although legal, Mr Timms told Parliament: "It is a highly abusive, completely contrived arrangement with the sole aim of avoiding paying the tax due to the Exchequer. What we are talking about is a scam."

More recently, George Osborne used his Budget speech in March to disclose his plans for an anti-avoidance rule, calling those who used aggressive methods to shelter income from the Revenue "morally repugnant".

In a moment of recession and of considerable squeeze on public funds, it is inevitable that parliamentary scrutiny of similar tax schemes will now increase.

Avoiding tax is also plainly inconsistent with the Government's

key message that "we are all in this together". The Treasury introduced legislation to shut down Rushmore so that none of its members benefited from it or claimed tax relief. But their names were revealed through publicly available accounts filed by Romangate Ltd, a UK-based company used as part of the strategy.

Jimmy Carr was a member of Rushmore, records filed at Companies House show. So, briefly, was John Devaney, chairman of National Express Group, and Andrew Rose, who resigned this year as finance director of Gulfsands Petroleum. Julian Birkinshaw, Professor of Strategy and Entrepreneurship at London Business School, Leslie Allen-Vercoe, the property developer who owns Britain's most expensive home, and Julian Goose, QC, the prosecution lawyer in the case of the abducted schoolgirl Shannon Matthews, were appointed as Romangate directors in 2009.

Mr Devaney said: "I was recommended to look at this scheme by my accountants several years ago. The scheme was never approved by HMRC and the proposal lapsed. As a result I never received any benefit from it."

The other individuals declined to comment.



Jimmy Carr lampoons Barclays tax-avoidance scheme on 10 O'Clock Live

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



Revenue challenges music industry scheme that pop stars use to invest millions

# Taxman vs Take That



Alexi Mostrous Special Correspondent

Members of Take That invested at least £26 million in a scheme that Revenue & Customs told *The Times* is a mechanism for tax avoidance.

Gary Barlow, Howard Donald, Mark Owen and their manager, Jonathan Wild, are among almost 1,000 people

who contributed £480 million to 62 partnerships in music industry investment schemes that serve as tax shelters for high-net-worth individuals.

In response to *The Times*'s investigation, the Revenue told this newspaper that it believes that the partnerships are designed to avoid tax.

Revenue officials will try to close the partnerships' structure at a tax tribunal in November. The members of Take That, the world's most successful touring band, and other investors in the partnerships run by a company called Icebreaker Management Services will have to pay back millions of pounds if the Revenue wins.

"We have taken firm action to protect the Exchequer from unacceptable tax loss," a spokesman for HMRC said. "We do not accept that the Icebreaker tax avoidance schemes have the tax effects their promoters claim."

Icebreaker denied that its partnerships were designed to avoid tax. It said that they were intended to invest money in the music industry for profit. "Icebreaker LLPs (limited liability partnerships) are all commercial businesses in which the LLP members work actively together in order to produce creative and artistic material and create taxable profits," a lawyer for Icebreaker said. "Abuse of the tax system for personal gain is, of course, never acceptable."

Companies House records show that the three members of Take That and Mr Wild invested £26 million into one of the partnerships, which included loans of £20.8 million.

Matt Hodson, working on behalf of Icebreaker, told an undercover reporter from *The Times* that they had also invested in a second partnership called Shirecroft which has not yet filed accounts. "They've invested money into the Icebreaker partnership and therefore not paid the Revenue the tax," Mr Hodson said, adding: "They don't like paying the taxman."

Mr Barlow, Mr Donald, Mr Owen and Mr Wild paid significant tax, their lawyers said. They confirmed that their

Continued on page 6, col 1

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Taxman vs Take That: how members can invest millions

Continued from page one

clients were investors in the Larkdale and Shirecroft partnerships, but believed that they were not tax avoidance schemes but legitimate commercial enterprises. The investments were made after financial advice. The musicians and their manager made no comment on the size of their investment.

There is no suggestion that either Jason Orange of Take That or Robbie Williams were investors.

Asked how the members of Take That had joined Icebreaker, Mr Hodson said: "Meetings after meetings with their accountant. They've got a tax adviser and an accountant. The tax adviser is a client of mine and we're on really good terms. We then got the accountant for the band in, had a meeting with him, about four meetings with him. Then we got a couple of the boys in and talked to them about it."

Icebreaker can help investors to save more in tax than they put into the scheme. Losses incurred by a partner-

ship can be offset by a wealthy investor against other income earned during the previous three years. In addition, investors can ramp up this tax relief by talking out offshore loans arranged by Icebreaker. That means, for a minimum investment of £40,000 into an Icebreaker partnership, boosted by an offshore loan of £160,000, a member can generate £77,520 of tax relief. Someone who invested £200,000 in cash can earn £1 million tax free.

The Times discovered Icebreaker after an undercover reporter received a tip-off that Mulbury Hamilton, a tax mitigation specialist, was offering complex tax avoidance schemes. The company, which has no direct link to Icebreaker, marketed the scheme to the reporter.

Gordon Boxshall, a representative of Mulbury Hamilton, said: "We are a tax company. We don't have a direct link from our website to Icebreaker. They are not allowed to market it as a tax product. [Icebreaker] is a completely separate company to us, so HMRC could never link the two. It has to be that way otherwise... it all fails for them."

Icebreaker said that it had no control over how Mr Boxshall marketed the scheme and did not condone his or Mr

Hodson's comments.

An HMRC spokesman said that the Revenue had already successfully challenged a scheme run by Icebreaker, adding: "The Icebreaker type of scheme will fail where there is circular borrowing which serves no genuine economic purpose."

Companies House accounts show that Barlow, Donald, Owen and Mr Wild joined two Icebreaker partnerships in March 2010 and in September

2011. In the first partnership, called Larkdale LLP, the Take That members put in £5.2 million of their own cash and borrowed another £20.8 million. Publicly available records show that Larkdale registered a loss in the year to April 2010 of £25.2 million, which the accounts show as "available for discretionary division among members".

Icebreaker offered investors the opportunity to claim tax relief on first year losses. The band would have been able to offset losses against their income from CD and tour sales.

A typical Icebreaker partnership contains about £10 million collected from about a dozen investors. The partnership uses the funds to buy music rights in upcoming and established artists such as JLS and Bob Geldof.

Many Icebreaker partnerships have not made any profit, Mr Hodson said, although the later partnerships had made better investments and were seeing good returns.

Other high-profile investors include

Terry Venables, the former England football manager. A spokesman for Mr Venables said that he had no comment to make on his tax affairs other than that they were perfectly in order.

Nick Wheeler, who owns the Charles Tyrwhitt shirt company, and Colin Jackson, the Olympic silver medalist, are also investors. Leon Angel, the football agent, whose clients include Mr Venables, is a member.

There is no evidence to suggest that any of these investors, or any other investors in Icebreaker incorrectly claimed tax relief or misled HMRC.

Mr Wheeler said that he paid tax on his share of Icebreaker profits and claimed tax relief on any trading losses.

Icebreaker said that the partnerships

play a vital role in sustaining the creative industries in the UK and that the music industry would be in jeopardy without their investments.

The company said that no one had ever suggested the partnerships were part of a tax avoidance strategy.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Over coffee in the City, a music industry scheme that is a guaranteed hit

## Secrets of the tax avoiders

Alexi Mostrous Special Correspondent  
Fay Schlesinger

In the ground floor café of Tower 42, the tallest skyscraper in the City of London, Gordon Boxshall pitched a series of tax schemes to a reporter posing as a potential investor.

Mr Boxshall is an employee of Mulbury Hamilton, a company specialising in "tax mitigation". He outlined the benefits of a music investment scheme that could generate hundreds of thousands of pounds in tax savings.

Although the partnership might make a profit, Mr Boxshall was clear that its main purpose was to provide tax relief. "Say your income was £200,000," he said. "You'd pay about £77,000 tax. You would only need to invest £40,000 to protect £200,000."

Mr Boxshall was recorded giving details of what he called the Picasso Income Tax strategy. Benefits included invitations to parties attended by music acts such as Bob Geldof and JLS.

When *The Times* investigated Picasso, however, it transpired that Mulbury Hamilton did not control or run the partnerships involved. Instead, a company called Icebreaker Management was in charge. On Icebreaker's website, however, there was no mention of tax mitigation or tax planning. It said: "Icebreaker is an exciting opportunity to make money from a broad range of knowhow and creative material."

The world of tax avoidance is complicated and controversial because

wealthy people are responding to government incentives. Over the years, the Treasury has sought to encourage people to channel money into needy industries — film, music, pharmaceutical licences — using an ever more complex web of tax deferrals, reliefs and allowances.

These tax breaks have been exploited by accountants who develop schemes which may provide a return on investment but nearly always offer a tax benefit for the wealthy.

Icebreaker's management insists that the firm is committed to investing in the music business. The partnerships, it says, funnel money to musicians and song-writers, thereby keeping hundreds of people in work.

But the Revenue is not convinced. Officials have looked at Icebreaker and seen a scheme that enables its members to offset hundreds of thousands, if not millions, of pounds in tax. Investors can claim the losses that the partnership makes as their own and use them to cut their personal income tax bills.

"We are now preparing to litigate Icebreaker but for legal reasons cannot say more," a Revenue spokesman said. "We examine the implementation of avoidance schemes and will not let any aspect of these cases go unchallenged."

The Revenue has been trying to weed out those using such partnerships for tax reasons and, in 2007, introduced the "ten-hour rule" to ensure that members worked on the project for ten

hours a week for the first six months.

Mr Boxshall made clear that such provisions can be managed, too. "I have clients who are not really engaging at all with this," he said. "We've got 95-hours-a-week traders, 4-hours-a-week footballers and anywhere in between ... That's why we choose music. It is impossible for [the Revenue] to check how many times you listen to the tracks."

When approached with Mr Box-

“ That’s why we do music. It’s impossible for them to check how many times you listen to the tracks ”

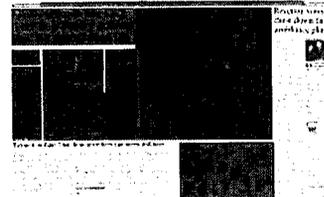
Gordon Boxshall, Mulberry Hamilton

shall's comments, Icebreaker said that it did not condone how he had sold the scheme and that he had acted as an independent adviser outside of its control. But Matt Hodson, an Icebreaker employee, later appeared to confirm that investors could "demonstrate" that they worked the hours without actually doing so: "We provide the tools for you to be able to demonstrate ten hours a week when effectively the amount of hours you've done might not be ten hours a week."

Mr Hodson added: "I'll be complete-

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



ly honest with you: the reason why we get to speak to people like yourselves is because of the tax. Predominantly that's why a lot of people do the investment ... I mean, the tax is important. But also there's the other element, that this is a genuine business that's looking to make a profit."

Icebreaker said that it did not condone Mr Hodson's comments and he was not authorised to make them. He

also had no involvement in how investors participated in trading activities.

Mr Boxshall explained how investors would be e-mailed tracks every Friday to help them to fulfil the work requirement. Investors would "mark" the acts out of ten and submit that to Mulhury Hamilton as "research".

When asked whether an investor would actually have to listen to those tracks, Mr Boxshall shook his head. "All I am saying is that you open the e-mail and, on the Monday or Tuesday, you reply to the e-mail," he said.

Going to concerts or sports events could also "count" towards the hours.

When asked to comment on the recording, Mr Hodson said that he had operated in the field for several years with no complaints about his conduct or any regulatory or legal problems.

He said: "These are legitimate businesses which provide crucial financial support for the music industry while also giving participants an income over time. In a long conversation with your reporter about how Icebreaker LLPs work, I explained that those involved have to be actively engaged, on a commercial basis, for at least ten hours a week. I always point out the legal requirements that govern these arrangements to any interested parties."

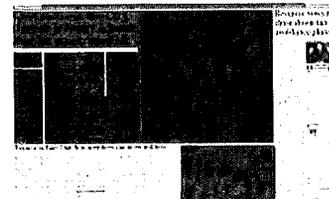
A leading QC shown the video evidence obtained by *The Times* said: "The strong impression [from the video] is that you can pretend to be an active investor by producing a paper trail but without putting in any real economic activity. You know you are pretending. Based on the evidence, this could fall into the category of defrauding the Revenue, but it would be very difficult to prosecute because you don't know what the actual members were told."

*The Times* has no evidence that any Icebreaker investor claimed tax relief illegally or misled the Revenue. Mulhury Hamilton declined to comment.



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

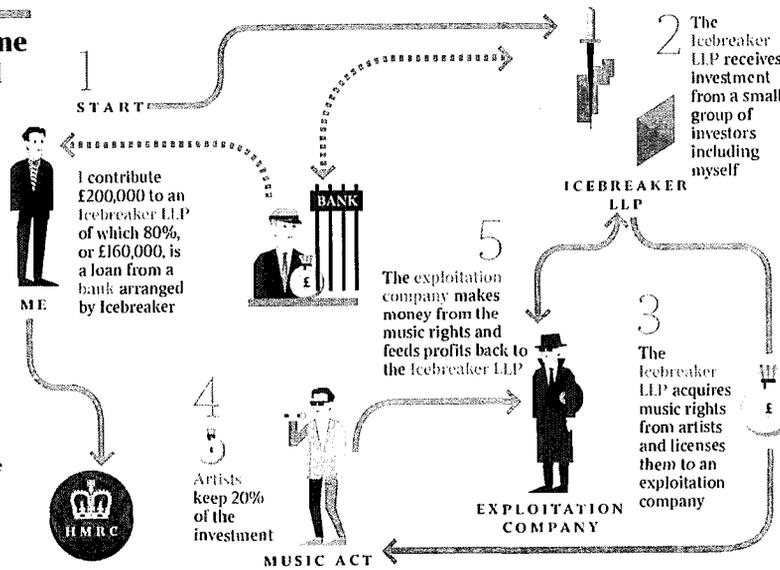
For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



**The scheme explained**

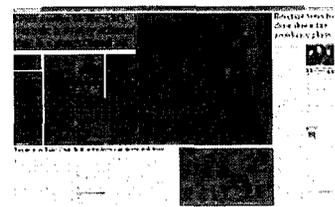
This information was obtained from Gordon Boxshall, an employee of Mulberry Hamilton, a tax firm which promotes Icebreaker products

6 I can claim tax relief on the full £200,000 despite investing only £40,000 and regardless of whether a profit is made



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)

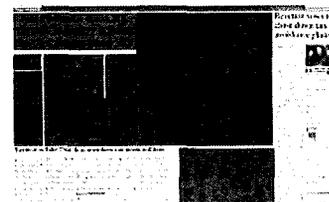




Mark Owen, Howard Donald and Gary Barlow of Take That during their 2009 stadium tour. They invested £26 million into a scheme being challenged by HMRC

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Revenue vows to close down tax avoidance plans

Sam Coates, Fay Schlesinger  
Roland Watson, Soraya Kishitwari

The tax avoidance scheme used by the comedian Jimmy Carr was branded "morally repugnant" by ministers yesterday as HM Revenue & Customs said that it would take steps to close it down.

David Gauke, the Exchequer Secretary to the Treasury with responsibility for HMRC, criticised the K2 scheme that was revealed in *The Times* yesterday and is used by Carr and more than 1,000 others to shelter £168 million a year from the taxman.

Asked by the BBC whether he would say that the scheme fitted the Chancellor's description of "morally repugnant" behaviour, the minister said: "Yes, I think I would on what we've seen in *The Times* today. Where there are arrangements that are artificial, that are contrived, that are not undertaken for any genuine commercial reason but are purely designed to reduce tax liability, then that is something that we want to address."

Seven other schemes have been closed down in the past year and K2 was already under investigation, Mr Gauke said, although he admitted that there was more to do. "Most people are paying the right amount of tax and it is not right that there is a minority that are getting away with it," he added.

Speaking from the G20 summit in Mexico, George Osborne conceded that tax avoidance was a problem. He added: "I do expect people to pay their taxes. We will take the action necessary to ensure that they do... One of the challenges is that it is not illegal. What you can do on tax avoidance is prevent it by shutting down loopholes or changing the law."

Danny Alexander, the Chief Secretary to the Treasury, also criticised those who use tax avoidance loop-

holes, describing them as the "moral equivalent of benefit cheats". He told Sky News: "Let's be very clear: at a time of real economic difficulty for our country, it is vitally important that everyone pays their fair share of tax."

"People who dodge the tax system are the moral equivalent of benefit cheats and we are coming to get them. We are taking steps to ensure that everyone pays their fair share."

The Revenue said that it had been aware of the scheme and was examining whether legislation was needed to close it down. A spokesman said that if the loans were not intended to be repaid they would become taxable. "This would mean the full amount of tax, interest and potentially also penalties would be due," he added.

The Revenue warned that all users would be identified and challenged. It has powers to implement a 28-day deadline to repay any income tax owed and to impose further penalties.

Mr Carr stayed silent on Twitter yesterday and his agent did not respond to e-mails. Channel 4, which has contracted him for a number of shows including the current affairs show *10 O'Clock Live*, also declined to comment.

However, Mr Carr did appear on stage in Tunbridge Wells last night. During his show he said: "Got through the papers? I haven't really been through the papers today. The Murdochs are after me..."

When a member of the audience

“ I pay what I have to and not a penny more ”

Jimmy Carr on stage last night, after a member of the audience challenged him for not paying tax

said: "You don't pay tax", Mr Carr replied: "I pay what I have to and not a penny more."

Fellow comedians used Twitter to criticise him yesterday, focusing on his alleged hypocrisy. Rufus Hound defended his Channel 4 colleague at first, describing Mr Carr as "a very nice man who works incredibly hard and has donated loads of money to good causes [and has] done absolutely nothing illegal".

But, in a reference to a skit in which he lampooned Barclays for carrying out a tax avoidance scheme, Hound added: "Wasn't aware that Jimmy Carr had ever commented on tax avoidance. If he has, then I understand the incredulity."

Frankie Boyle wrote: "It's OK to avoid tax providing every time you do a joke about a town being s\*\*t you add

'Partly down to me I'm afraid' under your breath."

John Bishop, a comic who has starred on Mr Carr's quiz show *8 Out of 10 Cats*, said: "To be honest @jimmy-carr's finances are like his jokes — every comedian in the country read it and said I wish I thought of that!"

Ministers denied that the Revenue was under-resourced. They said that each coalition Budget had introduced measures to combat tax avoidance and that the Government was preparing to introduce a more general "anti-avoidance" law. They denied that the Revenue could not afford tax lawyers after the first four months of the tax year.

Mr Carr's lawyers confirmed his membership of the K2 scheme this week. They denied any wrongdoing and said that the scheme had been disclosed to the relevant bodies in accordance with legal requirements.



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

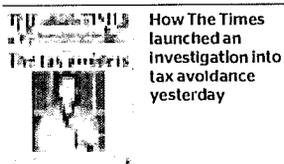
For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)

THE ~~2012~~ TIMES

Date 20 June 2012

Page 7

clipShare  
newspaper licensing agency



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



**Tax investigation: hedge fund managers, bankers and traders 'make shedloads of money for nothing'**

# Screen play: how movie millions are moved offshore

**Secrets of the tax avoiders**

Alexi Mostrous, Fay Schlesinger  
Roland Watson

Wealthy investors in tax-efficient film finance schemes are secretly moving tens of millions of pounds offshore in an abuse of tax breaks designed to support Britain's creative industries.

Seventy-five members of just one film investment scheme called Terra Nova are set to avoid £18 million in tax by moving their liabilities to Luxembourg.

Although many film schemes have attracted investments from Premier League footballers, their managers, and television personalities, this partnership was dominated by people working in the City.

Scott Pagel, a hedge fund manager, invested £5.5 million in the scheme, alongside other bankers, traders and fund managers. The Labour Government introduced tax breaks for film investment in 1997. But HM Revenue & Customs believes that billions of pounds in tax revenue has been lost as the schemes are increasingly sold to high-net-worth individuals as a means of avoiding or deferring tax.

The Revenue told *The Times* yesterday that it had put 600 film schemes,

involving thousands of wealthy and well-known people, under inquiry. "Film schemes are a £5 billion risk for us at least," one senior Revenue official said. "Someone puts in money, and then the film scheme promoter says, 'We're going to lend you ten times that'... so all you do is generate tax relief and make a shedload of money for nothing."

The revelations came as David Cameron led condemnation yesterday of the comedian Jimmy Carr and other investors in the K2 tax avoidance scheme, exposed by *The Times* on Tuesday. "All those people who work hard and pay their tax, and out of that save up to go and see Jimmy Carr, he's taking that money and stuffing it somewhere where he doesn't pay tax," the Prime Minister said. "That's not morally right."

Many of the film investment schemes under inquiry by the Revenue were set up by two men: Patrick McKenna, the former accountant of Sir Elton John who runs Ingenious Media, and Tim Levy, founder of Future Capital Partners. Both maintain that they run commercial investments and not tax-avoidance schemes.

In some cases film partnerships, which work in different ways, can provide genuine incentives for investing in film projects. They also allow wealthy investors to use the losses that the partnerships generate to offset the tax due on other income. The attraction for investors is that they

can typically boost their tax savings by putting in a sum of, for example, £100,000 in cash. Then, by borrowing a further £900,000, they can earn £1 million tax free.

However, the tax relief is only deferred. The Revenue expects any tax saved in the first year to be returned as the film partnership starts to make money in the later years.

But according to confidential documents, at least one operator of these schemes offered investors the opportunity to avoid that long-term repayment to the Revenue. The Terra Nova partnership, set up by Mr Levy's company, gave investors the chance to avoid the deferred tax by transferring liabilities offshore, the documents show.

Terra Nova investors claimed about £22 million in tax relief in 2006 after buying the rights to a number of films for about £48 million, including the Samuel L. Jackson film *1408*.

Investors were due to pay back £18 million in tax next year. But two months ago, Mr Levy's company offered investors the opportunity to "retire" from the partnership and transfer all liabilities to a Luxembourg-based company called Sirocco.

An e-mail reveals: "As you are aware your projected share of Partnership profits for the tax year 2012-13 could be in excess of £500,000, on which you would face an income tax liability of approximately £250,000. If you were to retire from the Partnerships, the tax

Continued on page 8, col 4

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## The deals that send movie millions to offshore havens

Continued from page 1  
arising on these profits, and the future risks, would fall due on [Sirocco] company."

Scott Pagel, the founder of the hedge fund Gradient Capital, is due to face an income tax bill of approximately £2 million next year.

It is not known whether Mr Pagel transferred his liabilities to Sirocco or how many investors have done so. He declined to comment.

"Exit schemes, albeit legal, are systemic and could cost the Exchequer hundreds of millions in lost taxes," said Alastair McEwan, of Rebus Investment Solutions, a company which represents people who believe that they were mis-sold investment schemes.

Presented with these allegations, lawyers for Future Capital Partners (FCP) said that restructuring may happen in partnerships for a number of reasons, and that, although FCP makes partners aware of their options, it makes no decisions on their behalf.

The lawyers said that Sirocco was not owned or controlled by Mr Levy or FCP and that its activities and tax position were entirely its own business. "FCP's role within these products is to make partners aware of the facts and the options FCP believes exist to manage their business commercially," an FCP spokesman said.

"The decisions, however, are ultimately made by the partners. We do not provide tax advice to investors." Mr Levy was himself a large investor into Terra Nova, contributing £2.5 million. FCP has set up dozens of film partnerships, including Eclipse 35, a film scheme, which *The Times* recently reported had been struck down by a tax tribunal, denying investors tax relief worth £17 million.

Ingenious, which has established a number of film partnerships, maintained that they were set up for profit and said it had referred HMRC to the tax tribunal to establish a timetable for resolution of the HMRC's inquiries.

Mr McKenna said: "We have never been in the business of tax avoidance. All our activities are *bona fide* commercial ventures and our film partnerships

were set up in accordance with specific legislation introduced to encourage investment in British films."

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# World of glitz and glamour that's on the Revenue's radar

The key players are bitter rivals ... and very rich, Fay Schlesinger reports

## Secrets of the tax avoiders

To investors, they offer a glamorous and tax-efficient glimpse into a world of red carpets, champagne and stardom. Patrick McKenna, Elton John's former accountant and an adviser to the Labour Party, and Tim Levy, the founder of Future Capital Partners, are the two main providers of film investment schemes in the UK.

Since Labour introduced tax breaks for film schemes, the pair have generated hundreds of million pounds worth of tax relief for investors, who have used their partnerships to purchase films such as *X-Men: The Last Stand*, *Pirates of the Caribbean*, *The Bourne Ultimatum* and *Enchanted*.

To the Revenue, the two men represent a threat. HM Revenue & Customs believes that film schemes have enabled investors to avoid at least £5 billion in tax. Much of that sum, the Revenue says, is attached to schemes created by Mr Levy or Mr McKenna.

In April, the Revenue won a landmark victory against Mr Levy, 43, and his investment partnership Eclipse 35, as a result of which investors,

including Sir Alex Ferguson, the Manchester United manager, were barred from claiming tax relief of £117 million. Now *The Times* has learnt that the Revenue is challenging the remaining 39 Eclipse partnerships, which have attracted £1.8 billion and contain 636 investors.

Mr McKenna, 56, founder of Ingenious Media, is also involved in a long-running Revenue inquiry into three of his partnerships. The England footballers Wayne Rooney and Steven Gerrard and the film-maker Guy Ritchie all poured money into McKenna film schemes.

Mr McKenna and Mr Levy are bitter rivals, according to people who know them, but that has not prevented them from becoming multi-millionaires through their sophisticated schemes.

Mr McKenna was a partner at Deloitte & Touche by 28 and became

chief executive of Andrew Lloyd Webber's Really Useful Group. Through Ingenious Media, he part-financed the blockbuster *Avatar*, making a reported £123 million.

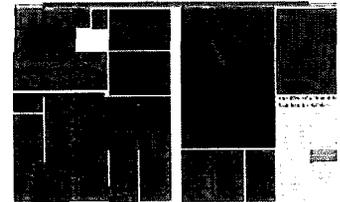
According to the *Sunday Times* Rich List, he is worth £520 million. In 2008 he paid himself £100 million from the profits of Ingenious. Last year it made £45 million profit on sales of £290 million.

He owns an eight-bedroom Georgian-style house in Surrey, set in eight acres, including a croquet lawn. In 2010 it was confirmed that he had split from Margaret, his wife of 30 years, and was in a new relationship.

He is a board member of the British Council, chairman of the Young Vic Theatre and a chairman at the TV

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



company Hat Trick Productions. And in September he was signed up by Ed Miliband to develop tax policy to stimulate growth in the creative industries.

Ivan Lewis, then Shadow Culture Secretary, announced the appointment as part of the Labour Party's attempt to develop financial incentives that would emulate the film tax regime in other areas, such as music, computer games and advertising. "He's never left my radar," a

senior Revenue official said of Mr McKenna. "He's an urbane man, he's a former Deloitte partner, he's a clever guy, he's made a fortune, he's a banker, but actually he's a big risk for us so we would like to recover lots of the tax relief he's generated for himself and other people. Are we winning? I would say, beginning to. I think we'll clean up on film schemes over the next few years."

Mr Levy, who spent time in Jamaica as a child, founded Future Films in the year he turned 30, after nearly a decade working as an insurance broker. More than £6 billion of investments have passed through his hands since then. In 2007 he and his business partner, Stephen Margolis, took home £11.5 million between them.

Mr Levy, who was privately educated in East Sussex and Dorset, has been married twice. His main home in Twickenham, West London, is a grade II-listed riverside building with a walled garden and swimming pool. Originally three homes, including a separate coach house, it cost nearly £6 million in 2006 before undergoing a complete refurbishment.

In the same year, according to Land Registry records, he bought a £2.7 million, two-storey apartment in one of the most desirable squares in South Kensington.

The issue of tax has always been played down by Mr Levy and Mr McKenna, who prefer to focus on the commercial prospect of investing in films. But Mr Levy has, in his own words, provided "significant tax benefits" to his clients. He has acknowledged that tax

was a "key product driver", but denied that it was the "entire motivation".

During a tribunal earlier this year, he said: "Tax was important, there is no question about it, but I genuinely believe that these investors were motivated significantly by the nature of the films that were being offered."

In 2010, he said: "It's actually quite unsatisfying running a business which just focuses on the tax treatment of the investment, rather than its underlying performance."

A source who has worked for Future

Capital Partners suggested that there was an air of naughtiness in their offices. The worker said: "You know how it works. You are doing an investment for certain reasons... you are doing it to reduce your tax bill."

"When people wrote you an e-mail, you would pick up the phone and say: 'You can't say that. This is an investment, that's what it is.' It felt a little bit naughty, a little bit fun. It felt like you were being very clever."

The world of film investments is a glamorous one. Independent financial advisers (IFAs) who sold Mr Levy's schemes to rich clients were rewarded with stays on luxury yachts during the Cannes film festival, skiing breaks in

going to happen."

Future's Soho office, 76 Dean Street, which was owned by Mr Levy and Mr Margolis and reportedly cost £5 million, was destroyed by a fire in July 2009. The fire service said that it

was caused by a faulty air conditioning unit. The building has now been sold.

The half-mile move to premises in Mayfair reflected a shift in the company ethos, a source said. "It was bigger, more corporate, a more solid operation, a less cowboy industry."

Gone were the trips to Cannes, and there were no repeats of the time when, intoxicated by the thought of their substantial bonuses, staff went swimming in their underwear during a Christmas Party at Shoreditch House, the private members' club.

Mr Levy, however, still knows how to let his hair down. In 2010, he embarked on an expedition to the North Pole with Bear Grylls, the celebrity adventurer. During the two-week boat trip to highlight climate change and generate publicity for Future Fuels, a business offshoot, he went skinny-dipping in near-freezing waters and came face to face with a grizzly bear.

In a letter to *The Times* in 2004, Mr Levy sought to differentiate between

**“ You are doing an investment for certain reasons. You are doing it to reduce your tax bill ”**

Verbier or Rugby World Cup jaunts. At Cannes, £1,000 magnums of champagne would be laid on.

Future would hire a yacht overlooking the red carpet. One year it was moored between the yachts of the fashion designer Roberto Cavalli and the actress Juliette Lewis. A source said that nights on the rugby tour might start with a meal at a Michelin-starred restaurant and end, on at least one occasion, with a visit to a strip bar.

Fifteen IFAs at a time would be flown over for a 48-hour stint, before being replaced with another set.

"[Hospitality] was Tim's meal ticket," one source said. "The client is the most important thing to Tim [but] however much he gets in with a client, if the IFA doesn't advise them to invest, it's not

**“ He's a clever guy, he's made a fortune, he's a banker, but actually he's a big risk for us ”**

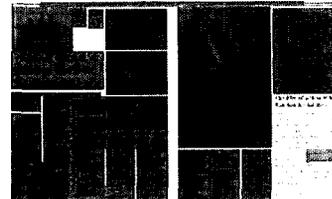
his own approach to film finance and schemes that led to "unacceptable" tax relief that was out of proportion with what investors put in. He has criticised the Government for "fiddling with" tax laws and causing uncertainty in the market, and condemned HMRC for spending up to a quarter of its £4 billion budget on tackling tax avoidance and evasion.

"This is patently ridiculous and a reflection of the fact that the taxation system is not perceived as fair and transparent by those taxpayers who bear the greatest burden," he wrote on his website. "Sure, some people cheat on their taxes and should be pursued and prosecuted, but the majority of

taxpayers, even rich ones, are

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nia-republishing.com](http://www.nia-republishing.com)



fundamentally honest.”

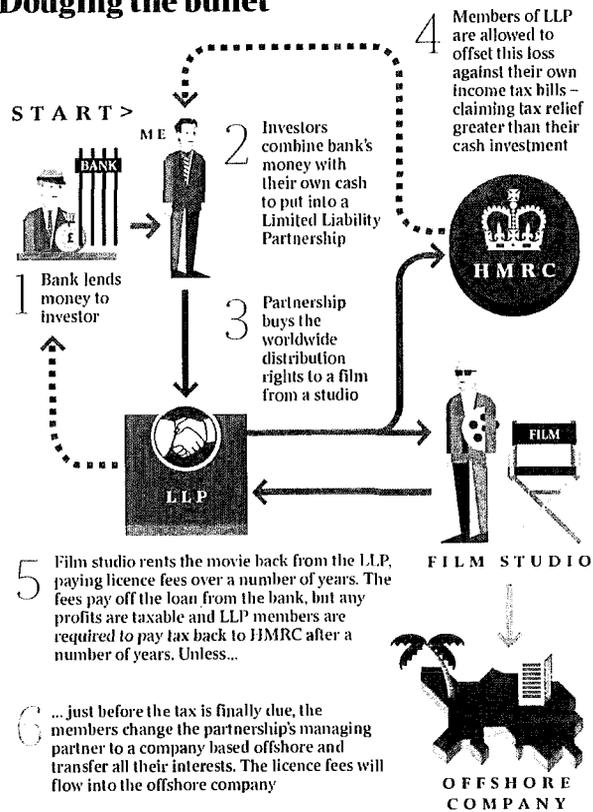
Unregulated collective investment schemes are high-risk and cannot be marketed to the general public, although the FSA warns that this is happening more and more.

Increasingly, Mr Levy has segued into green energy and property investments, from a £220 million bio-ethanol plant in Grimsby, North Yorkshire, to a five-star holiday resort in Montenegro. Mr McKenna has also branched into corporate finance, asset management, private equity and television. Ingenious has advised Robbie Williams on a record deal with EMI and helped Simon Fuller, who produced the Spice Girls.

When asked to comment, Mr Levy said that his company was entitled to use its revenues as it considered appropriate, including for hospitality.

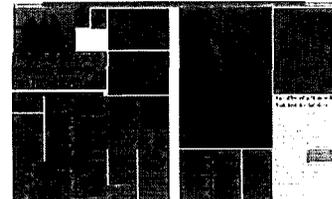
Mr McKenna said that his film partnerships have been responsible for many well-known and profitable films that have generated UK tax.

**Dodging the bullet**



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 21 June 2012

Page 6,7

**clipShare**  
newspaper licensing agency

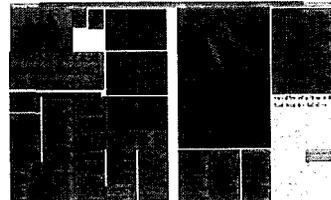


Patrick McKenna, right, is the founder of Ingenious Media. He previously worked as an accountant for Elton John, above, and as

chief executive of Andrew Lloyd Webber's Really Useful Group, left. He advised Robbie Williams on a record deal and also helped Simon Fuller

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

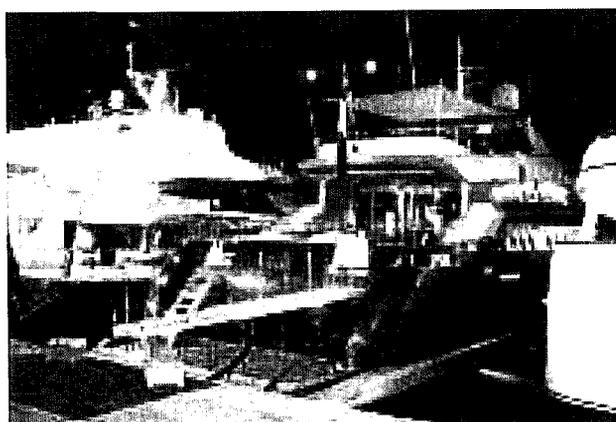
For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





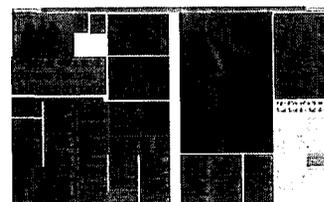
Tim Levy, bottom of the page and far left with Bear Grylls and a colleague during the North Pole expedition. Future Films, the company he co-founded, was

known for its parties on yachts that overlooked the red carpet at Cannes Film Festival, right, and trips to the Rugby World Cup in 2007, below right



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 21 June 2012

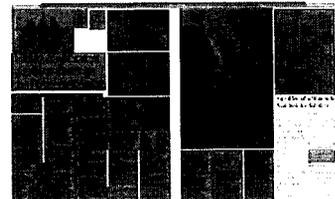
Page 6,7

**clipShare**  
newspaper licensing agency



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 21 June 2012

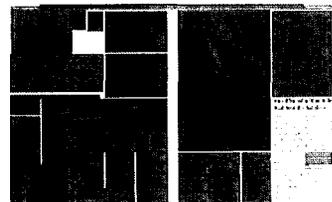
Page 6,7

**clipShare**  
newspaper licensing agency



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## An offer of a film role that lost its liability

Alexi Mostrous

Film investment schemes have encouraged millions of pounds to flow into the film industry since they took off during the late 1990s.

Legitimately used, a partnership of wealthy individuals buys the rights to a film from a studio for, say, £100 million. It then immediately leases the rights back to the studio over a period of between 5 and 20 years. When the partnership acquires the film, it would generate a trading loss of £100 million. The members can then offset this loss against their other income.

So, if someone puts in £1 million, he can claim tax relief worth £450,000. This is the case even if the investor only puts in a small proportion of cash himself and borrows the rest.

As the partnership carries on, money will flow in from the lease. This goes to pay off the loan taken out by the member, so he receives no benefit. But the income is still taxable.

As a result, an investor in an uncontroversial film scheme would receive a £250,000 benefit in the first year but, in later years, would be expected to pay tax back on the profits. The idea was to take the early cash benefit and invest it wisely — so as to beat the taxman.

So-called "exit schemes", however, give investors the first-year benefits but allow them to escape subsequent tax liabilities.

In the case of one film scheme partnership called Terra Nova, which was set up in 2005, an investor who put in £150,000 in cash and £850,000 in loans could expect to claim tax relief worth £400,000 in the first year, according to marketing documents seen by *The Times*.

The partnership was not expected to make significant profits for the first eight years until, in 2013, the studio was expected to buy the rights back.

This purchase, known as the "bullet payment", would generate a notional profit for the partner of £830,000. He would see none of the money as it would go to pay off the loan. But he

would be liable to pay about £400,000 in tax.

In total, Terra Nova's 75 investors were due to pay about £18 million to the Revenue next year. But in March they were offered an escape route.

A letter sent by Future Capital Partners, Terra Nova's promoters, reveals that investors were asked to amend their partnership deeds. They were asked to change the partnership's managing partner to a Luxembourg-based company.

For a significant fee, investors were given the opportunity to transfer their tax liabilities to the Luxembourg company. The profit from the studio in 2013 would then crystallise in Luxembourg, which would not be subject to UK tax.

Terra Nova consisted of three partnerships with contributions totalling £48 million. The members would have been able to claim tax relief, on average, of £168,400 on a personal investment of £60,000.

It is not known how many investors accepted Future's offer to dodge the bullet.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Cameron condemns 'straightforward tax avoidance'

Sam Coates, Fay Schlesinger

David Cameron condemned people who are "putting money in an offshore account and getting a loan back" yesterday, setting a yardstick against which to judge the tax arrangements of the wealthy.

Such behaviour was "just straightforward tax avoidance", he said, in remarks that leading accountants suggested would catch a lot of people and mean he was criticising legitimate arrangements.

The Prime Minister was responding to a question about the tax affairs of

Jimmy Carr: On Tuesday *The Times* revealed that the comedian had sheltered £3.3 million a year from tax, using a Jersey-based scheme known as K2. Speaking in Mexico, Mr Cameron told ITV News: "There is nothing wrong with people planning their tax affairs so they try and invest in their pension, they try and prepare for their retirement, that sort of tax management is fine.

"But some of these schemes we're seeing are frankly morally wrong. The Government is acting by looking at a general anti-avoidance tax law that we are going to propose. But we really do

need to make progress on this. I got up this morning and I managed to read about this Jimmy Carr situation and this K2 idea — the idea of putting money in an offshore account and getting a loan back. That seems to me just straightforward tax avoidance but the Treasury will have to look into it."

John Whiting, a tax accountant, told *The Times*: "There is nothing wrong with putting money into an offshore account, and it is not necessarily untoward to get it back in the form of a loan.

"The biggest users of these are non-domiciled people, possibly Premier League members who use them for image rights. So they would be the greatest users of that.

"A UK person putting money into an offshore account, if they are investing or putting earnings, they should be paying tax on that.

"You have to be careful how you describe such transactions."

Mr Whiting added that there might be "nothing much wrong" with the practices Mr Cameron condemned.

The Lib Dems suggested last night that an OBE for Gary Barlow of Take That, announced this week, ought to be reconsidered after a revelation in *The Times* that he and two other members of the band put tens of millions of

pounds in music industry investment vehicles that act as tax shelters and are designed to help investors to claim back more in tax relief than they paid in the first place.

Simon Hughes, the Lib Dem deputy leader, said that he was "on the war-path" about the issue.

"It's probably a bit late to undo an honour that's been announced but it should be a relevant consideration. Honours are meant to be for people who serve Britain and are good citizens in doing so. If you don't pay your taxes you're not a fully decent citizen.

"I think in the future, the honours committee, because these things are all scrutinised, should make sure that people are clean as far as their tax affairs are concerned as well as having done good public service for Britain and its exports.

"I hope we'll be rigorous on that too. And clear that Ministers are going to be tough, tougher every year that passes, on tax avoidance. I think we'll hear a lot more of this in the weeks ahead. I'm certainly one of those on the war-path and is not going to be diverted."

In Mexico, Mr Cameron told ITV News: "The Gary Barlow situation? As soon I get in front of a computer I will have a look at it."

Earlier, Downing Street had also declined to comment on Mr Barlow, but praised his role in the events for the Queen's Diamond Jubilee: "Separately, the Jubilee celebrations were a great success and Gary Barlow played a big part in that."

Lily Allen, the pop star who now runs a fashion business, said that high earners who used avoidance schemes were acting out of "pure greed". She was ashamed of some of the attitudes that famous figures had voiced towards avoiding tax, she said. "How are tax avoiders the moral equivalent of benefit cheats? Surely they're a hundred times worse?" asked Allen on Twitter. "We're talking morals not legalities. It's greedy and wrong."



David Cameron: "Some of these schemes are frankly morally wrong"

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Fox in the dock over links with 'bogus aide'

## Defence Secretary must explain MoD access

Fay Schlesinger, Roland Watson  
Michael Evans

The former flatmate of Liam Fox, whose visits to government buildings have prompted an official inquiry into potential security leaks, carried a second business card saying he worked for the Defence Secretary. *The Times*



### Adam Werritty's "Fox office" card

has learnt. Adam Werritty handed out cards carrying the House of Commons crest and saying he worked for "the office of Dr Liam Fox MP", in addition to others on which he purported to be an "adviser".

An official at the Ministry of Defence said yesterday: "He's just a personal friend of the Secretary of Defence. He has no official status."

Another well-placed source said that 34-year-old Mr Werritty had never been employed by the House of Commons or by the Conservative Party, including when they were in opposition.

Dr Fox's judgment came under scrutiny on Thursday night, when a Freedom of Information request revealed that Mr Werritty had visited the Ministry of Defence headquarters 14 times in the past 16 months. It led to claims, described by Dr Fox as "baseless", that national security may have been risked.

It was also revealed that Dr Fox and Mr Werritty, who did not respond to attempts to contact him yesterday, met senior Sri Lankan ministers during an official visit to Colombo this summer. Continued on page 7, col 1

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Fox in the dock over links to 'bogus aide' with access to the Ministry of Defence

Continued from page 1

despite the Defence Secretary saying, in answer to an earlier parliamentary question, that Mr Werritty had never travelled abroad as part of his political entourage since joining Government.

The Times has discovered evidence of further foreign trips while Dr Fox was in opposition. Mr Werritty, 17 years his junior and a student at the University of Edinburgh when the two became friends, accompanied him to a meeting in Dubai in April 2007.

The meeting was held at a think-tank called the Gulf Research Center and involved two other unidentified men. It was arranged for Dr Fox to discuss Gulf security matters in his role as Tory Shadow Defence Minister, his spokesman said.

But questions have been raised about whether Mr Werritty, who was best man at Dr Fox's wedding, sought

to profit financially from the relationship. He ran a defence company while Dr Fox was shadow defence secretary.

A source close to Dr Fox could not explain why Mr Werritty attended the meeting in Dubai, but said: "I can say absolutely that this trip was not paid for by the Tory party or the taxpayer."

Dr Fox has ordered an official inquiry into claims that he may have breached the ministerial code. But David Cameron came under pressure to widen its remit when the terms of the investigation were announced.

Labour criticised the fact that there was no mention of Dr Fox in the remit of the inquiry, which will be presented to the Defence Secretary himself, along with Sir Gus O'Donnell, the Cabinet Secretary, by October 21. Kevan Jones, a Labour defence spokesman, said: "This is not a serious piece of work. This is the narrowest enquiry I have ever seen and doesn't begin to scratch the surface of the multitude of questions that need answering. It appears this may be a whitewash before the inquiry has begun."

"We need the Prime Minister to announce an official inquiry into the ministerial code, which may have been breached."

John Mann, the backbench Labour MP, said the inquiry had to be undertaken outside the MoD because Dr Fox had previously failed to answer questions about his links with Mr Werritty. He had told Mr Mann that Mr Werritty

had not travelled with him on official business but had appeared in a photograph with the Defence Secretary at the British High Commission.

"That's hugely significant," said Mr Mann.

Dr Fox said yesterday that the "adviser" card was no longer used. "I've made it very clear to [Mr Werritty] that it's unacceptable to carry a card saying that he's a personal adviser," he said.

Tory MPs conceded that Dr Fox needed to do a better job of explaining himself.

One said the Defence Secretary "did not look comfortable" answering questions on Mr Werritty.

MoD officials attempted to distance themselves from the controversy, insisting it was not a departmental matter.

Whitehall staff said that whenever Mr Werritty visited the Defence Secretary in his capacity as a personal friend, Dr Fox's private office would clear away any sensitive documents from their desks, to make sure they were kept out of sight, "just as they would for any other private visits".

### What he said

- Dr Fox admitted in written parliamentary answers that had met his ex-flaminate and best man Adam Werritty 14 times at the MoD in Whitehall over the past 16 months, but not in an official capacity
- It later emerged that Mr Werritty had presented himself as an official adviser to the Defence Secretary
- Dr Fox insisted that Mr Werritty had not travelled with him on official overseas visits
- It later emerged that Mr Werritty joined Dr Fox when he met senior ministers in Sri Lanka in the summer



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





Adam Werritty, above left, in Dubai with Liam Fox, and at a meeting there with him, left. Mr Werritty was Mr Fox's best man at St Margaret's, Westminster, below right. He went with Mr Fox on a visit to Sri Lanka, where he met Ravi Karunanayake MP, below left, of the United National Party

PHILIP IDE / EMAIL CY SUNDAY / SOLO SYNDICATION



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Fox friend 'go-to guy' for defence lobbyists

Prime Minister will be briefed today

Michael Savage, Deborah Haynes  
Roland Watson

New questions over the future of Liam Fox emerged last night as the embattled Defence Secretary prepared to face MPs and David Cameron awaited delivery of an inquiry into his business dealings.

Dr Fox apologised for his working relationship with Adam Werritty, his former flatmate, who arranged meetings between the minister and businessmen while claiming to be his adviser.

But as he attempts to draw a line under allegations of impropriety, *The Times* can disclose:

Mr Werritty has a reputation among lobbyists as the "go-to guy" for gaining access to the Defence Secretary, raising concerns over the role he played in giving businesses a direct route to a Cabinet minister. Providing access to ministers for profit is prohibited under parliamentary rules.

The adviser was not registered as a member of Dr Fox's Westminster office, despite claiming to run a charity from it. Having access to the office

without appearing on the register would also break Commons rules. Mr

Werritty is not paid as a special adviser. He maintained such a close relationship with Dr Fox that when he undertook "James Bond" style trips to Iran in the months before last year's election, mutual friends assumed it was on behalf of Dr Fox.

Dr Fox sent a senior delegation of naval officers to the inauguration of Mahinda Rajapaksa, the Sri Lanka President. The perceived gesture of support annoyed Foreign Office officials at a time when the UK is pushing for a UN investigation into alleged war crimes of the leader.

Downing Street belatedly came out in support of the Defence Secretary yesterday, after the Prime Minister spoke to Dr Fox about the allegations facing him and Mr Werritty. A No 10 source said Mr Cameron "wants to save Liam". The source added: "He does not want to lose him, and he wants it to be clear that we don't want to lose him."

But it is understood that if further allegations emerge, No 10 may not continue its support. Sir Gus O'Donnell, Whitehall's top civil servant, will report to Mr Cameron today with the interim findings of an internal investigation carried out by the MoD into

whether Dr Fox compromised national security through his dealings with  
Continued on page 7, col 4

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Fox's friend is the 'go-to guy' for defence industry lobbyists

Continued from page 1

Mr Werritty. Jim Murphy, the Shadow Defence Secretary, has already written to Mr Cameron to demand a fuller investigation into whether Dr Fox had breached the ministerial code by allowing Mr Werritty special access. The pair met 14 times in the MoD's headquarters in 16 months.

One former Labour minister said that Mr Werritty's use of Dr Fox's office at the Ministry of Defence for meetings raised serious questions. "Allowing this guy in is extraordinary," he said. The former minister doubted the Defence Secretary would survive, predicting: "He is not long for this world."

The Defence Secretary is expected to face a barrage of questions when he faces the Commons this afternoon. Despite claims that Mr Werritty had never been involved in official engagements, footage was uncovered yesterday that showed him meeting the Sri Lanka President with Dr Fox in a London hotel last year.

He also helped to set up a meeting with defence industry representatives at a hotel in Dubai in June. Dr Fox appeared to suggest that event was arranged after a chance meeting at a restaurant but later was forced to issue an embarrassing statement clarifying his position after e-mails surfaced showing it was pre-arranged.

The meeting was arranged after the representatives contacted Tetra, a lobbying firm, which put them in contact with Mr Werritty. Henry Boulter,

the businessman who asked for the meeting, told *The Times* he had been paying Tetra Strategy, an intermediary political lobbying company, £10,000 a month to help to set up a meeting with Dr Fox. Tetra said that it had not paid Mr Werritty.

"We found out long before the general election he was the man to get to know if you wanted to reach Fox," a lobbying insider said last night. Others in the industry were told more directly that he was the go-to guy for Dr Fox.

"Like everyone else, we just assumed he was a special adviser. There was no reason not to, and he certainly wasn't about to tell us otherwise. He didn't seem strange or odd at all. But I just don't know what he got out of it."

Yesterday, a friend of Dr Fox and Mr Werritty claimed that the self-styled adviser travelled to Iran in 2009 and again in early 2010. Once Dr Fox moved to the Ministry of Defence, Mr Werritty was careful to differentiate his role from that of salaried ministerial staff.

The 34 year-old was a well-liked member of the Carlton Club who enjoyed entertaining friends there but liked to keep his business affairs out of the public eye, said the source, who asked not to be named.

The two men are thought to have travelled together to Sri Lanka for the first time 15 years ago, when Dr Fox negotiated a peace plan for the nation as a junior Foreign Office minister in John Major's government. Both kept ties since then with President Rajapaska.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



Liam Fox

# Delegation to Sri Lanka was seen as support for the regime

Officials feared that the Defence Secretary was undermining Britain's calls for a UN war crimes investigation, say **Francis Elliot** and **Tom Whipple**

Liam Fox sent a senior delegation of naval officers to the inauguration of Mahinda Rajapaksa in what the Sri Lankan regime believed was a gesture of support for his second term as President.

Dr Fox then infuriated Foreign Office officials by agreeing to meet Mr Rajapaksa in person the following month. They feared that the Defence Secretary was undermining UK efforts to press the Sri Lankans to allow a UN investigation into alleged war crimes.

The presence of Adam Werritty at the meeting with Mr Rajapaksa, in London last December, and a subsequent visit by the Defence Secretary to Colombo this summer, has focused attention on Dr Fox's links to the regime.

He has previously said that his interest in Sri Lanka stems from his successful efforts as a junior Foreign Office Minister in 1995 in brokering a peace deal between factions in the Sinhalese elite to allow negotiations to take place with Tamil insurgents.

While in Opposition Dr Fox visited Sri Lanka five times in three years as a guest of the Rajapaksa government and had to apologise for failing to mention the interest when asking parliamentary questions about the country.

A senior Foreign Office source told *The Times* last night that there had been disquiet at Dr Fox's links to Mr Rajapaksa late last year. Both David Cameron and William Hague turned down requests to see the Sri Lankan President during a visit to the UK only to discover Dr Fox had agreed to see him. "It's true we found out pretty late in the day," said the source.

Although Dr Fox was ordered to explain that the meeting was entirely personal, it was trumpeted by the Sri Lankan regime as a meeting between a head of state and the Defence Secretary. A statement said that they had discussed "areas of assistance to Sri Lanka from the UK, especially in areas of infrastructure development, particularly in the north, and the opportunities now

available in Sri Lanka for investment by the private sector in the UK".

It added: "There was agreement that the friendship between Sri Lanka and the UK should be strengthened in the new situation of peace and moves for reconciliation in the country."

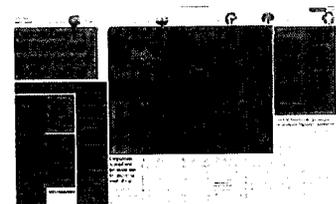
A report by a UN expert panel released this year found credible evidence that tens of thousands of civilians were killed in 2009 during the bloody end to the 30-year civil war in which the Liberation Tigers of Tamil Eelam were crushed.

The war pitted the Sinhala majority against the Tamil minority. The Tamil Tigers, a closely-knit group operating from the northeastern corner of the island, were denounced by several western governments as a terrorist group.

Britain urged a peaceful resolution to the conflict, but Sri Lankan government troops mounted a final offensive on the Tigers' territory after a Norwegian-mediated ceasefire broke down.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



Sri Lanka narrowly avoided censure at last month's UN Human Rights Council in Geneva, despite a UN expert report highlighting "credible" allegations of abuses by government troops in their final victory over Tamil rebels.

Various governments and human rights groups have called for an independent investigation into charges that the Sri Lankan army was responsible for thousands of civilian deaths in the last stages of the conflict in May 2009.

The Sri Lanka military says that nearly 1,000 rebels are still being held in camps.

The Sri Lankan regime has refused to allow any independent investigation of actions such as the shelling of beaches and hospitals. It will release the final report of an internal investigation next month, but Tamil activists predict a whitewash.

Dr Fox was initially forced to postpone his visit to Colombo because of the controversy over his links to the regime. When he visited, accompanied by Mr Werritty, he delivered a lecture that had been cleared in advance by the Foreign Office.

A spokeswoman for the British High Commission in Colombo confirmed that a delegation from the Royal Navy had attended President Rajapaksa's swearing-in.

"Whether or not we knew in advance I can't say," she said.

Dr Fox has denied that Mr Werritty, who has no government status, accompanied him on any official trip. The spokeswoman was unable to say whether Mr Werritty had been hosted by the Foreign Office because it "was a matter of a Ministry of Defence internal inquiry".

It is understood that Dr Fox and three other MoD officials stayed in the official residence during the trip, but that Mr Werritty did not stay there.

#### Link to British PR company

- Sri Lanka's efforts to win international support despite on-going war crimes allegations are being managed by the London PR firm Bell Pottinger
- For a reported £3 million a year the firm, which has close ties with the Tories, is advising the regime on how to counter efforts by Tamil groups abroad to press for an independent investigation

● Bell Pottinger could afford to pay about £300,000 to subcontract work representing Sri Lanka in Washington last year

● The company is likely to have a key role in exploiting the opportunity to improve the country's reputation in the lead up to Commonwealth Heads of Government summit there in 2013.

● Bell Pottinger also handles the press for Sri Lanka's bid to host the Commonwealth Games in 2018

## Q&A

### Who is Adam Werritty?

A 34-year-old friend and former flatmate of Liam Fox, who was also best man at the Defence Secretary's wedding. Despite having Commons business cards declaring that he is an adviser to Dr Fox, he did not officially hold the role. He has accompanied Dr Fox on several overseas trips.

### So what exactly does he do?

His exact role remains a mystery. He left many with the impression that he was a special adviser, but is not paid by the Government. Dr Fox admits meeting him 14 times in the MoD's headquarters. According to published e-mails, he is known to have been involved in setting up a meeting between Dr Fox and the chief executive of Porton Group, a private finance company, in Dubai in June.

### What is the MoD investigation all about?

Ursula Brennan, the Permanent Secretary at the Ministry of Defence, now has Dr Fox's fate in her hands. She is investigating Mr Werritty's role. However, the investigation is looking into whether there was any breach of national security in Mr Werritty's activities. The Prime Minister asked Sir Gus O'Donnell, head of the civil service, to bring him the initial findings by today.

### Is that enough?

No, says Labour. The party thinks that the Defence Secretary should have to face a fuller investigation into whether or not he breached the ministerial

code by giving his friend such access. Under the rules, Mr Werritty must not profit from his relationship with Dr Fox, while ministers are obliged to uphold "the highest standards of propriety". Sir Philip Mawer is the official who polices breaches of the code. He has not yet been ordered to investigate.

### What has Dr Fox said?

After initially saying that he had "absolutely no fear of complete transparency in these matters", Dr Fox issued an apology last night for allowing "distinctions to be blurred between my professional responsibilities and my personal loyalties to a friend". He has also denied that Mr Werritty played a role in arranging the Dubai meeting.

### Could the Defence Secretary be in trouble?

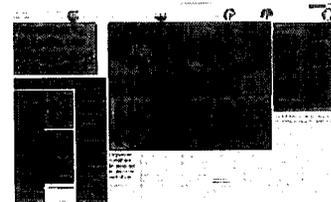
He appears to have given partial answers about Mr Werritty's role. He said last month that Mr Werritty had "not travelled with me on any official overseas visits". Video evidence has since shown Mr Werritty in Dr Fox's party while abroad. If security were discussed at the meetings that Mr Werritty attended, that could be a security breach. It would also be a serious matter if Mr Werritty profited in any way from his links to Dr Fox.

### What is the Downing Street view?

The Prime Minister is waiting to read the initial findings of the MoD investigation. However, in an acknowledgement that few have been out supporting the Defence Secretary since the allegations emerged, a No 10 spokeswoman made clear last night that Mr Cameron did not want to lose Dr Fox.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.pla-republishing.com](http://www.pla-republishing.com)

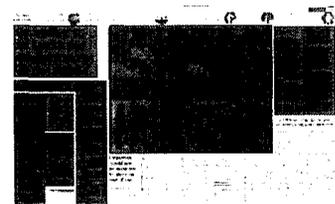




Above, Liam Fox, the Defence Secretary, meets President Rajapaksa of Sri Lanka in February. Meetings with the President — and the presence of a British naval delegation at the President's inauguration — have infuriated officials in the Foreign Office. Left, Dr Fox talking to an al-Jazeera TV crew in Dubai in June. Right, the Defence Secretary was on a visit to Tripoli on Saturday as questions were being asked

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

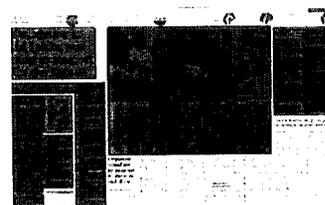
For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 10 October 2011

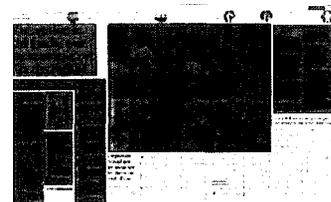
Page 6,7

**clipShare**  
newspaper licensing agency



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nfa-republishing.com](http://www.nfa-republishing.com)



## The ties that bind

Late 1990s Dr Fox and Adam Werritty, a public policy student who is 17 years his junior, meet while the latter is at Edinburgh University



May 2010 Dr Fox is appointed Defence Secretary in the coalition Government



1997 Dr Fox makes Mr Werritty executive director and sole employee of his think-tank charity, Atlantic Bridge

The charity claims that its mission was to promote the "special relationship" between the US and the UK in the 1980s

2002 Mr Werritty moves into the spare room of Dr Fox's home in Southwark, South London. He stays until the following year



September 2005 Dr Fox challenges to become leader of the Conservative Party, but is ousted in the second round of voting

December 2005 Dr Fox becomes Shadow Defence Secretary. Mr Werritty is best man at Dr Fox's wedding to Dr Jesme Baird



April 2007 Mr Werritty accompanies Dr Fox to a security meeting in Dubai



February 2009 Mr Werritty accompanies Dr Fox to a security conference in Israel, where he is described as Dr Fox's "assistant"

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 10 October 2011

Page 6,7,8,9

clipShare  
newspaper licensing agency

June 2011 Mr Werritty arranges for Dr Fox to have a meeting in Dubai with Cellcrypt, who seek to sell voice encryption technology to the MoD



July Mr Werritty accompanies Dr Fox on an official trip to Sri Lanka



September 15 In a written parliamentary answer, Dr Fox denies that Mr Werritty travelled abroad with him since the coalition took power

September 30 Atlantic Bridge, the think-tank founded by Dr Fox, is removed from the Charity Commission's register

October 5 It emerges that Mr Werritty ran Atlantic Bridge from Dr Fox's office in Portcullis House while Dr Fox was in Opposition



October A Freedom of Information request reveals that Mr Werritty visited the Ministry of Defence headquarters 14 times in the past 16 months



October 8 Dr Fox meets the interim government of Libya while at home controversy rages over his relationship with Mr Werritty



October 9 Dr Fox admits that it was a "mistake to allow distinctions to be blurred between my professional responsibilities and my personal loyalties to a friend"



October 10 Dr Fox is expected to face questions in Parliament about his friendship with Mr Werritty and his conduct in office

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nta-republishing.com](http://www.nta-republishing.com)



# Businessman paid for help to meet Fox and Werritty

Michael Savage, Deborah Haynes  
Roland Watson

A lobbying company was paid thousands of pounds a month by a businessman for help which included setting up a meeting with Liam Fox and Adam Werritty at a hotel in Dubai.

The meeting was arranged after representatives of Harvey Boulter contacted Tetra Strategy, which put them in contact with Mr Werritty. Mr Boulter, chief executive of Porton Group, who asked for the meeting, told *The Times* he had been paying Tetra £10,000 a month for help, which included setting up the meeting.

Dr Fox is expected to face a barrage of questions when he appears in the Commons this afternoon, after he was forced into an embarrassing U-turn for suggesting that the event was arranged because of a chance meeting at a restaurant. He later clarified his position when e-mails surfaced showing it was pre-arranged. A spokesman for Tetra said that it had not paid Mr Werritty.

Another lobbying insider said last night: "We found out long before the general election he [Mr Werritty] was the man to get to know if you wanted to reach Fox. Others in the industry were told more directly that he was the go-to guy for Dr Fox."

"Like everyone else, we just assumed he was a special adviser. There was no reason not to, and he certainly wasn't about to tell us otherwise. He didn't seem strange or odd at all. But I just don't know what he got out of it."

Yesterday, a friend of Dr Fox and Mr Werritty claimed that the self-styled adviser travelled to Iran in 2009 and again in early 2010. Once Dr Fox moved to the Ministry of Defence, Mr Werritty was careful to differentiate his role from that of salaried ministerial staff, but the source was "puzzled" by the younger man's use of the House of Commons crest on his business cards, and by how he earned a living.

The 33-year-old was a well-liked member of the Carlton Club who enjoyed entertaining friends there but liked to keep his business affairs out of the public eye, said the source.

The two men are thought to have travelled together to Sri Lanka for the first time 15 years ago, when Dr Fox negotiated a peace plan for the nation as a junior Foreign Office minister in John Major's Government. Both kept ties since then with President Rajapaksa.

Mr Werritty was perhaps Dr Fox's closest friend after his wife, the source said, but there were aspects of his working relationship that were not discussed: "There were 'no-fly zones' where I wouldn't go... You don't want to put someone on the spot."

Mr Werritty was described as sounding "shaken" in a phone conversation about two weeks ago, when early reports were leaking of the meeting he arranged in Dubai between Dr Fox and Harvey Boulter of the Porton Group.

The source said last night: "I am deeply saddened by all this because it sounds corny but Adam is a terribly nice person and a very loyal friend."

In a statement issued last night, Dr Fox said he had apologised to the

Prime Minister and that, with the benefit of hindsight, he should have made sure any meetings with Mr Werritty were properly attended by officials.

"I accept that it was a mistake to allow distinctions to be blurred between my professional responsibilities and my personal loyalties to a friend."

"At no stage did I or my department provide classified information or briefings to Mr Werritty or assist with his commercial work — let alone benefit personally from this work. Nevertheless, I accept that given Mr Werritty's defence-related business interests, my frequent contacts with him may have given an impression of wrongdoing."

The apology was described as "incredible" by Labour, which is demanding that the Prime Minister orders a

full inquiry into the affair. Downing Street accepts that David Cameron may yet lose Dr Fox from the Cabinet despite the Prime Minister's support. A well-placed source said: "It doesn't look particularly good. But that's different from saying there's wrong-doing."

## Q&A

### Who is Adam Werritty?

A 33-year-old friend and former flatmate of Liam Fox. Despite having Commons business cards declaring that he is an adviser to Dr Fox, he did not officially hold the role.

### So what exactly does he do?

He gave the impression that he was a special adviser, but he is not paid by the Government. Dr Fox admits meeting him 14 times in the MoD's headquarters. According to e-mails, he helped set up a meeting between Dr Fox and the chief executive of Porton Group, a private finance company, in Dubai in June.

### What is the investigation all about?

The investigation is looking into whether there was any breach of national security in Mr Werritty's activities. The PM asked Sir Gus O'Donnell, head of the Civil Service, to bring him the initial findings by today.

### Is that enough?

Labour thinks that the Defence Secretary should have to face a fuller investigation into whether or not he breached the ministerial code. Under the rules, Mr Werritty must not profit from his relationship with Dr Fox, while ministers are obliged to uphold "the highest standards of propriety".

### What has Dr Fox said?

After initially saying that he had "absolutely no fear of complete transparency in these matters", Dr Fox issued an apology last night for allowing "distinctions to be blurred between my professional responsibilities and my personal loyalties to a friend".

### What is the Downing Street view?

A No 10 spokeswoman made clear last night that Mr Cameron did not want to lose Dr Fox.



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)

Liam Fox

# 'He always acted as if he worked for the Tories'

Billy Kenber

To the world-weary drinkers at the Royal Oak pub in Westminster, it is a familiar tale.

They are well acquainted with the claims of a strikingly tall, confident man who likes to stand at the bar and tell regulars about his important government role.

Dressed in a suit and tie, Adam Werritty gave those who would listen the impression that he used to work for the Conservative Party and was now an adviser to Dr Liam Fox — he had a business card, with an embossed House of Commons logo, to back it up.

"He would come in after work quite often," one regular who knows him from the pub, in Regency Street, told *The Times* yesterday. "He gave the impression he was associated with the Tories. I always thought he worked for the Conservative Party. He used to go to the [party] conferences.

"After the election he said he was working with Liam Fox. I thought he was being paid by the Tories [and working] in an advisory role."

The man said that Mr Werritty had been accepted by the Carlton Club, an elite private members' club for Conservatives, which has previously counted Winston Churchill and Rudyard Kipling among its membership.

Prospective members have to be nominated and elected to join and the club has allowed women to become full members only since 2008. "He told me

he was a member of the Carlton Club and he used to go there with guests for dinner," he said. The man added that Mr Werritty, who frequently wore a suit and tie when going to the pub for drinks with a group of regulars, "is very right-wing, particularly on things like women and immigration".

The relationship between Mr Werritty and Dr Fox, the Defence Secretary,

is a tangled one — they have shared investments, offices, holidays and houses. The two men struck up a friendship in the late 1990s when Mr

Werritty, 33, was studying for a degree in public policy at the University of Edinburgh. Dr Fox was a rising Tory politician and opposition spokesman on Scotland and Wales. They are said to have bonded over a mutual interest in politics and the United States.

After graduating with a 2.2, Mr Werritty left the family home in St Andrews, and went to work for a healthcare company in the South. His parents, Alan, a lecturer, and Irene still live in the Scottish town. Asked yesterday how she felt about her son's treatment, Mr Werritty's mother replied:

"Obviously we don't like it but we don't have any comment. Nobody would be happy with what's been coming out."

Almost immediately after moving, the line between their friendship and their business interests began to blur as his career mirrored Dr Fox's.

Mr Werritty set up UK Health, a consultancy that Dr Fox, who was Shadow Health Secretary from 1999-2003, invested in. In 2005, Dr Fox was given the shadow defence brief and a year later Mr Werritty set up Security Futures Ltd, using the politician's London home as his address when registering as a director. When the

politician set up a charity to promote the "special relationship" between the UK and the US, Mr Werritty became chief executive. From 2007-2010 he is believed to have received an annual salary of £90,000. Mr Werritty lived rent-free in Dr Fox's flat in Southwark, London from 2002-2003.

Mr Werritty was a natural choice to be Dr Fox's best man. His wedding to Dr Jesme Baird, a Scottish cancer specialist, took place shortly before Christ-

mas in 2005 in a church next to Westminster Abbey. Guests, including Margaret Thatcher, enjoyed a champagne reception at the House of Commons.

Delivering his best man speech, Mr Werritty joked that parents Catherine and William Fox were delighted that the wedding day had finally arrived. At the time, Dr Fox said that the wedding should silence "smears" that he "must be a playboy or a wild man or gay".

Mr Werritty, who is single, is reported to have dated a legal administrator and to have shared a flat with her before they broke up in 2008. More recently, he told friends that he was dating a Persian woman and he visited her during frequent business trips to Dubai, though the relationship faltered. Mr Werritty lives in a flat in Pimlico, just a short walk from Parliament and from the Ministry of Defence, where he visited his close friend 14 times in the past 16 months.

It is these associations, and the growing list of questions surrounding them, which now threaten to bring his patron down.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



**Adam Werritty's directorships**

<p><b>UK Health Limited</b> Business activities: "Human health activities" Incorporated: October 2002 (Liam Fox was Shadow Health Secretary from June 1999 to November 2003) Appointed: October 2002 Occupation: Consultant Status: Non-trading Last accounts filed: October 2010</p>	<p>analyst Status: Dissolved January 2011 Last accounts filed: November 2008 2008 profit: £5,905</p>
<p><b>UK Health Group Limited</b> Business activities: "Business and management consultancy" Incorporated: February 2005 Appointed: February 2005 Occupation: None Status: Dissolved June 2009 Last accounts filed: February 2007 2007 loss: £5,550 Shareholders included: Liam Fox</p>	<p><b>Danscotia Consulting Limited</b> Business activities: Not stated Incorporated: February 2007 Appointed: February 2007 Occupation: Business consultant Status: Small Former secretary: Ann Nielsen, reportedly former girlfriend and flatmate Last accounts filed: March 2010 2010 profit: £3,727</p>
<p><b>Security Futures</b> Business activities: Not stated Incorporated: November 2006 (Liam Fox was Shadow Defence Secretary December 2005 to May 2010) Appointed: November 2006 Occupation: Strategic</p>	<p><b>Todiha Limited</b> Business activities: Not stated Incorporated: February 2011</p>
<p><b>Adam Werritty at Dr Fox's wedding in December 2005. He was the best man</b></p>	<p><b>UK Health Supply Services Limited</b> Business activities: "Business and management consultancy" Incorporated: February 2005 Appointed: February 2005 Occupation: None Status: Dissolved July 2009 Last accounts filed: February 2007 2007 loss: £80,410 Source: Companies House</p>

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 10 October 2011

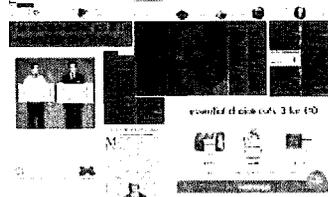
Page 8,9

**clipShare**  
newspaper licensing agency



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Money riddle over Fox's friend and his 18 trips abroad

No 10 says Defence Secretary made serious mistakes

Michael Savage, Roland Watson  
Sam Coates

The friend and self-styled adviser to Liam Fox who has left the Defence Secretary fighting claims of impropriety appears to have no visible means of financial support, according to analysis by *The Times* of his active companies.

As it emerged that Adam Werritty shadowed the Defence Secretary around the world on 18 privately funded trips, accounts of his three consultancies show that he has earned little more than £20,000 from them in the past four years.

The Ministry of Defence published a list of 40 meetings that Dr Fox has had with Mr Werritty since taking office, revealing an extraordinarily high level of access, including dinners with a top US general and the British Ambassador to Israel and a shared private flight from Washington to London paid for by a Conservative donor.

The disclosures raised more questions about Mr Werritty's links with Dr Fox than the Defence Secretary was able to answer as he battled for his political life with a combative display yesterday in the House of Commons.

Sir Gus O'Donnell, the Cabinet Secretary, is to interview Mr Werritty about his earnings and links to defence companies as the official inquiry into links between Dr Fox, his friend and defence companies stepped up a gear.

Downing Street said that the Defence Secretary had committed "serious mistakes" but insisted that David Cameron would not judge him before the full

facts had been established. But officials conceded that there were still many questions to be answered.

Dr Fox won the backing of Conservative MPs who turned out in force in the Commons to support him even as he revealed that he had met Mr Werritty 40 times during the past 17 months, many more meetings than he had previously admitted to. Dr Fox apo-

logised to the House for blurring the lines between his ministerial responsibilities and private life.

But he was subjected to a dressing-down from his most senior civil servant who said that he had been wrong to ask his private office to share details of his diary with Mr Werritty and that it was wrong for him to have attended a meeting at the MoD with the incoming Israeli Ambassador to London.

Ursula Brennan, the Permanent Secretary at the MoD, also said that Dr Fox had strayed into a "grey area" by holding a meeting during his free time, arranged by Mr Werritty, with a businessman to discuss a possible defence contract but without a civil servant present.

The full scale of Dr Fox's dealings with his former flatmate and best man since taking office became clear when the MoD published a list of the 22 occasions that Mr Werritty had visited Dr Fox in Whitehall, more than the 14 that he had previously admitted to in a written parliamentary answer.

It also showed that their paths had crossed 18 times overseas since May

last year, meaning that they met on more than a third of the occasions that Dr Fox left the country.

On four occasions, Dr Fox took leave in the middle or at the end of official trips and met Mr Werritty.

Mr Werritty was present in Washington after Dr Fox attended talks in the Pentagon and Capitol Hill. He also attended an informal dinner in Tampa, Florida, after the Defence Secretary had held talks with generals at US Central Command.

The pair met seven times in the Gulf, when Dr Fox was either returning from trips to Afghanistan, visiting British and US forces or bolstering the anti-Gaddafi rebels in Libya.

Mr Werritty also helped to arrange a dinner in Israel attended by Dr Fox and the British Ambassador.

And he was flown with Dr Fox when the Defence Secretary rushed back from Washington to London in May from a dinner in honour of Ronald Reagan to attend the second half of President Obama's state visit to Britain. Dr Fox declared the flight in the Register of Members' Interests as being paid  
Continued on page 8, col 1

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





Liam Fox and Adam Werritty in Tampa

### Werritty's world tour

ADAM WERRITTY ACCOMPANIED  
LIAM FOX ON 18 FOREIGN TRIPS  
OVER A 13-MONTH PERIOD:

- Dubai: five visits
- Washington DC: two
- Singapore: two
- Hong Kong: two
- Tampa, Florida: one
- Bahrain: one
- Israel: one
- Switzerland: one
- Sri Lanka: one
- Spain: one
- Abu Dhabi: one

Reports and list in full, pages 8-10

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Money riddle over Fox's friend and their 18 trips overseas

Continued from page 1  
for by CQS Management, a company headed by Michael Hintze, an Australian businessman who has made donations to both the Tory party and Atlantic Bridge, the Defence Secretary's recently folded charity.

Dr Fox admitted to MPs that the revelations surrounding his links with Mr Werritty had damaged the Government and given "the appearance that something might be wrong".

Sir Gus has now taken charge of the inquiry, which was in the hands of Ms Brennan. He is expected to report by the end of the week as No 10 moved to bring the matter to a close as quickly as possible.

One source suggested last night that the MoD had already obtained a list of Mr Werritty's clients. This was initially denied by a spokesman for Dr Fox, but that position was later clarified and it was said that the denial of knowledge of Mr Werritty's clients only applied to



Dr Fox's private office and not to Ms Brennan. No 10 said last night it was unaware that this information had yet been uncovered.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Here, there and everywhere: diary shows Werritty was never far away

Sam Coates, Roland Watson  
Michael Savage

He was there after Liam Fox held talks at the Pentagon and also on Capitol Hill. He was there in Dubai, twice, and twice again in Hong Kong when Dr Fox broke up a foreign trip with a day or two of official leave.

Then Adam Werritty appeared on the Swiss ski slopes with Dr Fox in February. And in Spain this summer, where Dr Fox was on holiday with family and friends — and discussing targets in Libya with defence officials in London every day, he was there.

The full extent of the relationship between Dr Fox and his best man, former flatmate and political ally, was exposed yesterday when the Ministry of Defence published a log of 40 meetings across four continents.

The list defies sweeping generalisations, including both holidays and — more damagingly — at least two occasions when Mr Werritty is listed as having played a business role and more when he attended events with British diplomats and officials. The 22 domestic and 18 overseas visits are not an exhaustive list of contacts between the two friends — only the occasions that were logged by officials. It shows Dr Fox misled MPs when he answered a written parliamentary question last month stating that Mr Werritty had visited him 14 times in the Ministry of

Defence.

"I believe this now to be an accurate record of Mr Werritty's visits but I cannot exclude the possibility that there may have been a visit which for whatever reason was not recorded in the

logs," wrote Ursula Brennan, the Permanent Secretary at the MoD, in a letter to Sir Gus O'Donnell, the Cabinet Secretary.

The list highlights the top-level access that Mr Werritty enjoyed from the opening weeks of the coalition government, with not a single month passing without a meeting between them — logged by officials. It also makes clear the opportunities for private breaks overseas, which foreign travel as a minister has accorded Dr Fox as he routinely appeared to take leave at the start or end of a trip that otherwise would have

been paid for by the taxpayer. Mr Werritty's presence was clear within eight days of Dr Fox's appointment to the job, when he was invited to his office in Whitehall, and then returned the next day. Within a month, they had attended the same security conference in Singapore before jointly flying to Dubai where the Defence Secretary was meeting with officials.

Most of the time Mr Werritty came to Dr Fox's office but they occasionally met in the Pillared Hall coffee bar at the MoD. On only four of the occa-

sions were officials present. Two meetings involved discussing diary arrangements for a trip to Sri Lanka; a third was when Mr Werritty accompanied a group of visiting Sri Lankans; a fourth was a meeting with the forthcoming ambassador to Israel. Ms Brennan said that Mr Werritty should not have been present.

Mr Werritty, who founded a charity to promote US-British relations and a neo-conservative world view, was present in July 2010 at an informal dinner with John Allen, deputy commander of the US Central Command, days before the sudden departure of General David Petraeus left him running the ISAF mission in Afghanistan.

Mr Werritty attended the Herzliya Conference in Israel with the Defence Secretary, an annual gathering of senior politicians, military figures and intelligence agencies. Dr Fox took part in a discussion on "Shared Strategic Challenges" and used his appearance to argue for greater sharing of intelligence between Britain and Israel. "Israel is a key partner in the fight against international terrorism and we should assist each other in intelligence and counter-intelligence," he told the conference. "Threats originating in one part of the globe can be threats toward the rest of the globe, and very quickly."

Mr Werritty then arranged and attended a dinner in Tel Aviv that includ-

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



ed Matthew Gould, the British Ambassador in Israel and a former Foreign Office official under David Miliband.

The list reveals that Dr Fox first met Harvey Boulter, a businessman lobbying for a contract with the MoD, in Dubai in April. Mr Werritty was present in Dubai "in a private capacity", according to the MoD.

Dr Fox next met Mr Boulter in June in Dubai when he was on his way back from Afghanistan. Dr Fox told the Commons that the evening before, Mr Werritty had been dining at a nearby table to Mr Boulter and had agreed to try to set up a meeting between the two the following day. Dr Fox's aides insisted that the Defence Secretary would not have known about the meeting until his return from Afghanistan.

Dr Fox admitted yesterday that he was wrong to have allowed the meeting to go ahead without MoD officials present.



Adam Werritty on a trip to the US, which was funded by Atlantic Bridge

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-irepublishing.com](http://www.nla-irepublishing.com)



## Several jobs but little income to fund costly travel expenses

### Behind the story

**W**ith the closure of his charity and with no meaningful income from the Government, the

Conservative Party or his consultancy companies, how Andrew Werritty funded his 18 overseas visits with Liam Fox is a mystery (Michael Savage writes).

His three active business consultancies have earned little more than £20,000 in the past four years, *The Times* has established.

Mr Werritty set up Danscotia

Consulting in February 2007, but the company has had a tiny turnover since. Mr Werritty is listed as its sole director and describes his role as business consultant.

In 2009, the business had just £7 in the bank, which increased to £8,507 a year later. The company appears to have made a profit of £3,725 last year. Its income has totalled about £22,000 since 2007.

Health UK Ltd, of which Mr Werritty is the only director, has had £20 in its account for the past four years. His newest company, Todiba

Ltd, was formed in February 2011 and has yet to file any accounts. Mr Werritty is listed as a consultant. Its headquarters are listed as his home in Vauxhall, London.

Nor has Mr Werritty earned any money working for Dr Fox in an official capacity. The Ministry of Defence has said the 34-year-old was not a government employee or a special adviser. However, Dr Fox admitted yesterday Mr Werritty was paid £5,800 from public funds as an intern. He told the Commons that having met Mr Werritty in 1998, he

paid him to carry out research from his Commons office. Senior Tory sources said Mr Werritty had not held any paid post with the party.

It means that his main income had come from Atlantic Bridge, the defunct charity funded by Michael Hintze, the hedge fund billionaire and big Conservative Party donor.

Mr Werritty is thought to have earned more than £90,000 between 2007 and 2010 as its chief executive.

The MoD inquiry is expected to ask him what he does, who he does it for and what he is paid.

### The meetings in detail 2010



20 May  
Adam Werritty in to see Sec of State

21 May  
Adam Werritty in to see SoF5



4-6 June  
Singapore Shangri La Dialogue Conference. Adam Werritty attended



7-8 June  
Abu Dhabi and Dubai Meeting with government representatives. Adam Werritty in Dubai on personal business

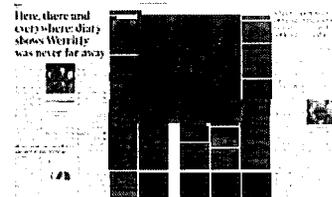
11 June  
Adam Werritty in to see SoF5

15 June  
Adam Werritty in to see SoF5

17 June  
Adam Werritty in to see SoF5

2-3 July  
Tampa, Florida Adam Werritty present at SoF5's informal dinner with COMCENTCOM (COMISAF Desig) General Allen in steakhouse

6-8 August  
Dubai SoF5 takes weekend leave break on route to Afghanistan. Adam Werritty



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)

is present in Dubai as a private individual

1 September  
Adam Werritty in to see SofS

1 October  
Adam Werritty in to see SofS

12 October  
Adam Werritty in to see SofS

18 October  
Adam Werritty in to see SofS

20 October  
Adam Werritty arranged meeting with Sri Lankan MFA (Dr Peries) and attended the meeting

3 November  
Adam Werritty in to see SofS

9 November  
Adam Werritty in to see SofS

1 December  
Adam Werritty in to see SofS

2-6 December  
Bahrain MANAMA Dialogue. Visited British and US forces. Adam Werritty present at Dialogue

17-22 December  
Dubai Meetings with UAE Government and British Military. Adam Werritty present in personal/business capacity. On completion of official engagements, SofS took 21-22 December as leave

2011



16-23 January  
Australia and New Zealand SofS travelled via Hong Kong. Adam Werritty met him in a private capacity

1 February  
Adam Werritty in to see SofS

6-7 February  
Israel Adam Werritty present at the Herzliya conference. Adam Werritty helped to arrange and attended dinner

with political figures which SofS and HMA Tel Aviv attended

16 February  
Adam Werritty in to see SofS



17-21 February  
Switzerland Skiing holiday

25 February  
Adam Werritty in to see SofS

1 March  
Adam Werritty in to see SofS

17 March  
Adam Werritty in to see SofS

24 March  
Adam Werritty in to see SofS



30 March-4 April  
Qatar, Dubai, Bahrain Adam Werritty present in Dubai in a private capacity

14-18 April  
Abu Dhabi SofS on leave with his Mrs Fox and Adam Werritty

22-25 May  
Tampa and Washington Adam Werritty present at political meetings and accompanied SofS on private flight back to UK on party donor's aircraft

31 May-1 June  
Hong Kong SofS stopped off to take leave on route to Shangri La Dialogue. Met Adam Werritty in Hong Kong



2-6 June  
Singapore Shangri La Dialogue Conference Attendance. Adam Werritty present at dialogue

13 June  
Adam Werritty in for meeting to discuss arrangements for visit to Sri Lanka

14 June  
Adam Werritty in to meet SofS

17-19 June  
Dubai Stop on return from Afghanistan. Adam Werritty in Dubai in a private capacity

21 June  
Adam Werritty met with SofS and SpAds to discuss issue of business cards

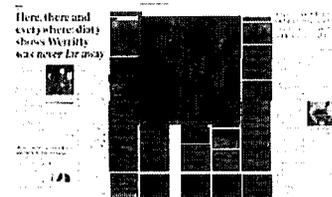
8-10 July  
Sri Lanka Met Government and Opposition figures. Delivered Kadirgamar Memorial speech. Adam Werritty in audience

31 July-3 August  
Washington Meetings with Pentagon and The Hill. Adam Werritty met SofS socially

5-19 August  
Spain SofS on leave with family and friends, including Adam Werritty

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





Liam Fox and Adam Werritty pictured on a trip to the United States in 2008 funded by the Atlantic Bridge charity

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Fox used best man to bypass Whitehall

## Defence Secretary suspicious of civil servants

Roland Watson, Sam Coates  
Deborah Haynes

Liam Fox's close friend operated as a one-man intelligence service to help the Defence Secretary overcome Whitehall inertia, according to authoritative sources.

Adam Werritty was an unofficial advance party for Dr Fox ahead of overseas visits in opposition and

continued the practice in government. He was looking to assist Dr Fox on issues ranging from peace in Sri Lanka to Iran's naval capability, Israeli security, Russia, and Washington politics.

The aim was to ensure that Dr Fox's foreign policy vision — often hawkish and sometimes at odds with government policy — did not get clogged up in the Civil Service machine.

Friends of Mr Werritty insisted that he was driven by patriotism rather than financial gain and worked in a private capacity to help Dr Fox in policy areas where he had long-standing personal interests.

He was initially funded by Dr Fox's charity, Atlantic Bridge, and developed contacts that would help inform the politician's visits, according to those

familiar with their working relationship. Despite being highly unusual, Dr Fox regarded the arrangement as acceptable, in part because he is sometimes suspicious of the advice he receives from civil servants.

Mr Werritty, who was yesterday questioned by Sue Gray, director of propriety and ethics at the Cabinet Office, is understood to have been paid on an ad-hoc basis by private political supporters. He may be called to answer further questions and provide proof of where his income comes from. Dr Fox was interviewed by Sir Gus O'Donnell, the Cabinet Secretary, on Monday evening.

Both men are insisting that Mr Werritty did not benefit financially from his extensive links with Dr Fox. This is supported by those familiar with Mr Werritty's role, although the account raises new questions about Dr Fox's judgment and whether his suspicion of civil servants will affect his ability to continue.

There were also further questions about who has been paying Mr Werritty during the past 18 months to make 18 trips overseas, including the US, Dubai, Israel and Hong Kong, where he has crossed paths with Dr Fox.

Last night Bicom, the organisation  
Continued on page 7, col 4

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Fox used his best man to bypass the Civil Service

Continued from page 1  
which promotes the interests of Israel in the UK, said they agreed to fund a trip by Mr Werritty in 2009 when he met Dr Fox. Lorna Fitzsimons, the chief executive, said the organisation paid for flights and a hotel room for the Israeli security conference centred on relations with Palestine, which took place in Herzliya.

Tory MPs were last night holding firm in their support of Dr Fox. Downing Street was waiting for Sir Gus to report, likely by the end of the week.

The Ministry of Defence has cancelled a planned press conference with Dr Fox and his French counterpart, Gerard Longuet, in Paris today, blaming "logistical" issues.

Friends of Mr Werritty defended him last night from allegations that he was out to profit financially from his relationship with the Defence Secretary.

"I honestly do not believe that there was any malicious intent in this. I cannot see it," one friend said, speaking on condition of anonymity. "The guy lives in a rented apartment. He sees Liam as his mentor. He just wanted to learn. He is very, very patriotic so the idea of selling Queen and country down the road for a dollar or a pound, he simply would not do it."

When Dr Fox, 50, and Mr Werritty, 33, made a toast "it is to Queen and country", according to the friend.

"He is a very smart cookie. He was genuinely working out strategies for various clients that were probably nothing to do with Liam ... He is probably one of the most charming and genuine people you could meet."

But a Dubai-based businessman who was introduced to Dr Fox by Mr Werrit-

ty claimed that the younger man boasted he only travelled first class.

Harvey Boulter, chief executive of Porton Group, said that he had drinks with Mr Werritty and three colleagues until the early hours of the morning after a chance encounter at a restaurant in June.

"He said that he only flew first class, in seat 1A or 1K," said Mr Boulter, who gained access to Dr Fox through Mr Werritty, a meeting that took place two days after the drinks session as the Defence Secretary made a stop-over in Dubai en route to London.



Adam Werritty:  
"boasted of his first-class travel"

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



Liam Fox

# Werritty 'posed as defence adviser' at forum in 2009

Billy Kenber  
Sheera Frankel Jerusalem

Liam Fox's close friend passed himself off as an adviser to the then Shadow Defence Secretary more than two years before Dr Fox warned him to stop doing it, *The Times* has learnt.

Adam Werritty, 33, whose links with Dr Fox are the subject of a Cabinet Office investigation, presented himself as an "Advisor, Office of the Shadow Defense [sic] Secretary" at the Herzliya conference in Israel in February 2009. Mr Werritty was in the audience when Dr Fox spoke on European-Israeli relations and Palestine.

The revelation raises fresh questions about why Dr Fox didn't intervene to warn Mr Werritty, who was never paid

as an adviser, to stop using the title at this earlier stage.

Speaking in the Commons on Monday, Dr Fox said that he told Mr Werritty to "stop using his business card stating he was my adviser" when he first learnt of this, in June this year. But evidence obtained by *The Times* suggests that he may have been aware of Mr Werritty's use of this title much earlier.

The organisers' official report includes a list of participants and shows that Mr Werritty submitted his title as "Advisor, Office of Shadow Defense Secretary; UK Executive Director, The Atlantic Bridge".

It is believed that this job title was likely to have been clearly visible to other delegates, including Dr Fox, on a

name tag worn by participants around the neck. *The Times* has spoken to several people who attended the conference and recall seeing Mr Werritty taking part in meetings and discussion groups. One delegate who met Mr Werritty at the conference said he was presented as a member of the "British defence establishment".

A spokesman for Dr Fox failed to respond to requests for comment. Last night Jim Murphy, the Shadow Defence Secretary, said it raised the question: "For just how long has Adam Werritty been masquerading as an official adviser to Liam Fox? The many trips overseas and the role of Atlantic Bridge in Tory defence policy raise serious questions."

The conference, which is held annually, was attended by many high-profile politicians, including 25 European ambassadors and senior business figures. Sponsors included several defence contractors such as Lockheed Martin and Boeing.

Dr Fox and Mr Werritty also attended the same event earlier this year, when Dr Fox was Defence Secretary. A spokesman for the conference organisers said that on both occasions, Mr Werritty's attendance was sponsored by Bicom, the Britain Israel Communications and Research Centre.

Mr Werritty subsequently helped to organise a dinner for the British ambassador to Israel and several prominent defence and security officials who had taken part in this year's conference.

One official, who was invited to the dinner but did not attend, said he found

it strange that Mr Werritty had organised the dinner. "He was introduced, and made to seem like Fox's chief of staff. When I was invited that was definitely the image I was given," he said. "There is a lot of 'laying the groundwork' type chatter at these types of dinners. Stuff that leads to defence deals later on and policy meetings."

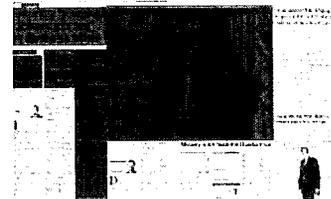
Other delegates said that the Herzliya conference offered a useful opportunity for networking which can lead to commercial deals. An Israeli defence manufacturer for weapon systems said: "Herzliya is a gathering of like-minded people, most of them are neo-conservatives who have similar goals."

"The real meetings, at the dinner or over coffee, lead to relationships that I've found very beneficial. ... It is good to know that the people in the same room share the same goals and you can 'do business with them'."

Martin Tanenbaum, the president of an American watch-making company, attended the conference in 2009. While he couldn't recall meeting Mr Werritty, he said that that the conference provided an opportunity for people to network with high-profile figures, including those in the defence industry. "I have seen a lot of networking going on, generally it's hard not to network at the Herzliya conference," he said. "In between the talks everyone is milling around and having coffee and every which way you turn you bump into somebody who is very involved either politically, academically or economically."

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 12 October 2011

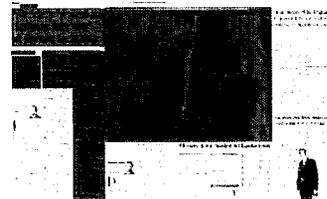
Page 6,7

**clipShare**  
newspaper licensing agency



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## I was amazed by Dubai stopover. I never had the option, ex-minister says

Roland Watson, Deborah Haynes

Former defence ministers have expressed astonishment at the extent of Liam Fox's travels amid concerns in Whitehall at his frequent absence from the office.

"Forty-eight trips in about 16 months? When I heard that I was very surprised," Bob Ainsworth, Dr Fox's predecessor as Defence Secretary, said. Dr Fox's ministerial colleagues and Tory MPs also raised eyebrows at the details of his globe-trotting. Attention has focused on the number of trips taken, the frequency with which he extended them by taking leave at the end or in the middle, and the way in which he appears to have rewritten the rule-book for travelling to and from Afghanistan via Dubai.

Former Labour defence ministers travelling to Kabul or Camp Bastion would change from civilian to military planes in Bahrain, or occasionally in Oman. Dr Fox did so once in both states. But his aircraft were also routed through Dubai on two occasions. On both of those he saw Adam Werritty.

In all, he has visited Dubai four times, seeing Mr Werritty there on each occasion. According to former ministers, a stopover in Dubai was unprecedented.

Dr Fox once took a "weekend leave break" there, from August 6-8, 2010, on the way to Afghanistan, according to the MoD's record of his travels.

From June 17-19 this year he made a "brief stop" in Dubai on the way back from Afghanistan, when he met Harvey Boulter, the businessman seeking an MoD contract, with Mr Werritty but without a civil servant, for which he

was reprimanded by his permanent secretary. It was this stopover that has caused most concern.

One of the two other visits to Dubai involved Dr Fox sending his officials home and taking "leave".

Mr Ainsworth said that he was surprised that Dubai cropped up on Dr Fox's schedule so often. Mr Ainsworth spent three years in the Ministry of Defence, including one as Secretary of State, making eight or nine trips to Afghanistan and three or four to Iraq. "I personally have never been to Dubai in my life," he added. "I doubt I made half the number of trips he made in all those three years."

### 'I doubt I made half the number of trips he made in all those three years'

Another former minister said he had only ever changed planes on the way to or from Afghanistan at the RAF base in Bahrain. "I was amazed by the Dubai reference," they said. "I was never offered that option."

The MoD's list of Dr Fox's travels included 18 overseas visits where he met Mr Werritty and 30 where his friend was not present. It includes two trips to Singapore and visits to Sri Lanka, Hong Kong, Israel, Washington DC and Tampa, Florida.

There has also been speculation within the MoD that the Defence Secretary, known as "Flying Fox", was absent for much more time than his predecessors. "He travelled much more than his predecessors and always did more on the side," said a defence source.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Mystery trust funded Sri Lanka trips

Michael Savage, Soraya Kishwari

Liam Fox is to face new questions over his links to Sri Lanka after it emerged that three of his trips there were funded by a mysterious trust that is not registered as a charity or a company.

Three visits to Sri Lanka, which cost about £7,500 and took place when Dr Fox was Shadow Defence Secretary, were funded by the Sri Lanka Development Trust. It has an address in Edinburgh but is unknown to the Charity Commission and Companies House.

He was a guest of the Sri Lankan Government four times in less than 12 months before the election. His former flatmate, Adam Werritty, who appears to have acted as a go-between in setting up meetings for Dr Fox with Sri Lankan officials, accompanied him on at least one occasion. Dr Fox became involved in Sri Lanka as a junior Foreign Office Minister in 1995, when he helped to broker a peace deal.

He had to postpone a proposed trip to Sri Lanka last December amid protests that he was giving tacit support to President Rajapaksa, who has resisted demands from the United Nations for an independent investigation into alleged war crimes.

Last night Labour put down parliamentary questions demanding to know how many times he had visited Sri Lanka and how many trips were financed by the Sri Lanka Development Trust.

On Monday Dr Fox said that the trust was his attempt to "create a mechanism that would allow reconstruction funding to occur through the private sector". However, the Defence Secretary's office would not reveal who funds it, how it makes a profit and who works for it.

A spokesman for Dr Fox's Office said: "It is a legal trust registered in Edinburgh. The flights provided by the trust to Dr Fox in opposition have been declared as a donation in kind in the Register of Members' interests."

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Fox hits back as new aide revealed

Michael Savage, Deborah Haynes

Liam Fox invented a new job in his private office for a second acquaintance, against the advice of senior military figures, *The Times* can reveal.

The Defence Secretary bypassed protocol by appointing Lieutenant-Colonel Graham Livesey as a second military assistant, according to various Whitehall sources.

*The Times* has also learnt that Dr Fox travelled to Iran when the Conservatives were in opposition with Adam Werritty, his close friend and former flatmate, who presented himself as the Shadow Defence Secretary's special adviser.

A spokesman for the embattled minister said that Dr Fox visited the Islamic republic — a rare trip for a British MP — to meet Iranian parliamentarians and women's rights

groups. His private office funded the visit, but it was unclear who paid for Mr Werritty.

Despite another day of difficult questions, Dr Fox appeared determined to stay in office, even though members of the Armed Forces said that his position was looking increasingly untenable.

"I shall carry on doing the job that I am meant to do, the job that I am paid for," Dr Fox said as he headed to Paris for a meeting with his French counterpart. A planned joint press conference, however, was cancelled.

A serving officer in the Forces said that the longer the furore over Mr Werritty continued the worse the outlook was for the Defence Secretary, adding: "When you have troops on the front line in Afghanistan and Libya and other places but the bloke at the top of the organisation is dominating the headlines, that's not right."

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



Liam Fox

**Fox ignored military to appoint second adviser to private office**

Head of Army 'opposed' attempts to create post for minister's acquaintance, **Michael Savage** writes



Liam Fox created a high-powered job in his private office for a second acquaintance against the advice of senior military figures, *The Times* can reveal.

The Defence Secretary bypassed protocol by personally appointing Lieutenant-Colonel Graham Livesey, whom he knew from before his move into government, as his "military assistant", according to multiple Whitehall sources.

Dr Fox made a series of attempts to hand Colonel Livesey a position on his personal staff, but was initially rebuffed by the military because the officer was judged as not being up to the required standard to hold such a post. However, Dr Fox subsequently created a post for him.

Several sources have told *The Times* that Colonel Livesey's appointment was against the wishes of General Sir Peter Wall, the head of the Army. Military figures said last night that they were "horrified" when they learnt how Dr Fox had demanded to select his own candidate for the new job, a right not even given to the Prince of Wales.

The revelations suggest that Adam Werritty, the Defence Secretary's friend and best man, was not the only person close to Dr Fox who benefited from a personal acquaintance with him.

Last night the Ministry of Defence admitted that Colonel Livesey, who impressed Dr Fox when they met during a visit to Afghanistan, had been personally selected by the Defence Secretary and placed in a newly created post.

In another apparent blurring of Dr Fox's professional and personal lives, Colonel Livesey was among the party that accompanied Dr Fox on holiday in Spain in August. Mr Werritty was also among the group.

Military assistants are closely involved in all aspects of the Secretary of State's work, including intelligence, planning, delivery of current operations and assisting in logistics, communications and personnel issues.

It is understood that Dr Fox was

**'All of this means there must be an independent inquiry'**

pushing for a job for Colonel Livesey soon after he took up his post as Defence Secretary, after the formation of the coalition.

Defence secretaries are always given one military assistant, but the candidate is chosen through a selection process run entirely by the Armed Forces. The Army, the Navy and the Air Force all have an internal competition to find their best candidate. The best of the three is then selected by a military panel.

In the summer of last year, the services began to select Dr Fox's military assistant. However, *The Times* has been told that Dr Fox immediately asked for Colonel Livesey to be included in the Army selection process.

Although Colonel Livesey was regarded as a good officer, he was not originally deemed as being of high enough quality. However, he was included in the selection process at Dr Fox's request. He was ultimately unsuccessful and the job eventually went to the Royal Navy candidate.

A few months later, it is understood that Dr Fox requested a second military assistant from the Army — a new position — and personally picked out Colonel Livesey, against the wishes of

senior officers and angering Sir Peter.

While the incident worried figures across the military establishment at the time, no action was taken because they were keen to avoid an early clash with a new Secretary of State. Military sources said that obtaining the post was a huge boost to an officer's career. One remembers meeting Dr Fox with Colonel Livesey at his side. The other military assistant was not present.

The revelations have angered some Tories on the right of the party, many of whom had attempted to support Dr Fox as he fought for his job.

"All this stuff about having a friend and blurring the lines between professional and personal life, I really don't care about," one senior Tory said. "But the idea that a Secretary of State can use personal power to mess around with the proper protocol and independence of military appointments is absolutely unacceptable."

A woman answered the phone at what is understood to be Colonel Livesey's family home in Yorkshire. Asked if she could confirm whether Colonel Livesey was Dr Fox's military assistant, she said: "If you want an answer to that question, you will have to speak to Liam Fox's office."

Jim Murphy said that the allegations represented a "clear breach of all the rules" and called for it to be investigated as part of an independent inquiry.

"Liam Fox will need to explain himself," he said. "A pattern of the Defence Secretary ignoring due process and official advice is emerging. We will need to understand exactly what went on and what the extra cost to the taxpayer will be. All of this means there must be an independent inquiry."

An MoD spokesman said: "Eight candidates were put forward from the

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



three services for the post of military assistant to the Defence Secretary. A civil service post also became vacant in the office and a decision was taken to convert this to a military post to provide more military experience in the office and greater resilience.

"Colonel Livesey put himself forward as part of the selection procedure along with seven others. He was selected by the Defence Secretary, who knew of his work in Afghanistan, and he has made a significant contribution since his arrival.

"It is normal for ministers, and very senior service officers, to make staff appointments in their office."

GEOFF FLETCHER/NEWS/VIEW/NEWS



Lieutenant-Colonel Graham Livesey, centre left. Dr Fox created a job for him

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-epublishing.com](http://www.nla-epublishing.com)



### Fox's people

**L**iam Fox and Adam Werritty may have begun their relationship as friends and flatmates but it has evolved into a complex web of business connections and influence-peddling (David Robertson writes). The network that has emerged in recent days

has raised questions about whether Mr Werritty used his links to the Defence Secretary to further commercial interests.

Several strands within this web keep recurring, such as Dubai and Israel. It was in Dubai that Mr Werritty helped to broker a meeting between Dr Fox and the businessman Harvey Boulter, who

wanted the Ministry of Defence to use his equipment.

Dr Fox and his wife were invited to a horse race in Dubai as a guest of Gary King, the former head of the Dubai Mercantile Exchange and allegedly a contact of Mr Werritty's.

In total, Dr Fox and Mr Werritty made five trips to Dubai together over a 13-month period.

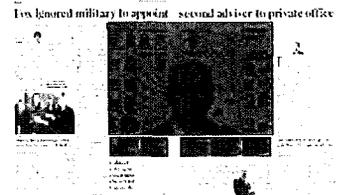
The Israel connections include a joint trip by Dr Fox and Mr Werritty to the country, paid for by Bicom, an organisation that promotes Israeli interests in Britain. The former communications director of Bicom runs the lobbying agency that Mr Werritty partnered with to arrange the Fox-Boulter meeting.

Dr Fox's wider circle of friends

includes some of the wealthiest men in Britain and they have given generously to support his office or in some cases to pay for foreign trips. These donors include the hedge fund moguls Alan Howard and Michael Hintze, who is Australian, as well as the property billionaires David and Simon Reuben.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





## Pair travelled to Iran in 2007, with Werritty 'special adviser'

Deborah Haynes, Giles Whittell

Liam Fox travelled to Iran in 2007 with Adam Werritty, who presented himself as his special adviser, *The Times* can reveal.

The Defence Secretary, who was then in Opposition, made the rare visit for a British MP to the Islamic republic to meet fellow parliamentarians and women's rights groups, according to his spokesman.

"Dr Fox's private office paid for his travel. This did not involve any taxpayer's money," the spokesman said. It was unclear, however, who funded Mr Werritty's travel.

The Defence Secretary's former flatmate and best man subsequently visited Iran at least another two times in 2009 and 2010, trips thought to be on behalf of Dr Fox when he was still Shadow Defence Secretary, said a friend.

"It was a bit James Bond stuff," the friend said. "I felt, why on earth would

Adam Werritty be going to Iran unless it was stuff for Liam?"

Dr Fox, as Defence Secretary, has always taken a tough stance against Iran, which last night was embroiled in a deepening crisis with the United States and Saudi Arabia over an alleged plot to kill a Saudi diplomat in Washington.

He spoke at a conference this year in Israel — a venue also frequented by Mr Werritty — promoting the need for tougher sanctions against Iran. The Defence Secretary, 50, is under pressure to explain why he met 33-year-old Mr Werritty 18 times in foreign places, including Dubai, Hong Kong and Florida, during just 16 months in office.

Mr Werritty was perhaps Dr Fox's most trusted friend after his wife, performing a role akin to an American chief of staff, the friend said, but there were aspects of that role left undiscussed. He said: "There were 'no-fly zones' where I wouldn't go. You don't want to put someone on the spot."

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Fox's friend was funded by private intelligence group

## Exclusive Documents reveal scale of financial backing for Defence Secretary's best man

Deborah Haynes, David Taylor

A corporate intelligence company with a close interest in Sri Lanka, a property investor who lobbies for Israel and a venture capitalist keen for stronger ties with Washington helped to fund the jet-set lifestyle of Liam Fox's close friend. *The Times* can reveal.

Over the past year, Adam Werritty, the Defence Secretary's best man and self-styled adviser, paid for first-class travel around the world and stays in five-star hotels using some of the £147,000 paid into the bank account of a not-for-profit company that he set up.

Almost the same amount of money left the account of Pargav Ltd over that period. More than £50,000 was also transferred into the accounts of two other companies linked to Mr Werritty.

whose relationship with Dr Fox has cast serious doubt over the future of the Defence Secretary's career.

The money trail emerged after a statement to Parliament by Dr Fox that Mr Werritty was "not dependent on any transactional behaviour to maintain his income".

The full details of Mr Werritty's financial arrangements raise questions not only about Dr Fox's reliance on his old friend as a foreign policy adviser, but also the use of a not-for-profit company to fund a lavish private lifestyle.

Details of Pargav's accounts, seen by *The Times*, show that G3 Good Governance Group, a strategic advisory company, Tamares Real Estate, an investment company owned by Poju Zabudowicz, the chairman of BICOM — an organisation that lobbies the British Government on behalf of Israel — and Jon Moulton, a venture capitalist, were among more than six different entities that each paid up to £35,000 to Pargav

since October last year.

A spokesman confirmed that Tamares paid £3,000 to Pargav to support the work that it was doing to promote peace initiatives.

"For many years, Poju Zabudowicz has helped fund not-for-profit organisations, not individuals, due to his passion for the promotion of peace and understanding between peoples in the United States, Europe and the Middle East," he said.

"These organisations arrange private discussions between, sometimes

opposing, parties, which are designed to promote this goal."

Mr Moulton was less willing to respond to questions about his dealings with Pargav. "I'm not commenting on this at all, this has nothing to do with anybody," he said.

G3, a company that specialises in international security and risk manage-

ment, has longstanding links with the Defence Secretary in connection with his attempts to get private business to back reconstruction efforts in Sri Lanka after years of civil war. Sources close to G3 told *The Times* they believed that a recent donation of £15,000 to Pargav was intended to go towards

Continued on page 8, col 1

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE ~~NEW~~ TIMES

Date 14 October 2011

Page 1,8

clipShare  
newspaper licensing agency



Adam Werritty will face further questions today from the senior official in charge of propriety and ethics at the Cabinet Office over his relationship with Liam Fox

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Private intelligence company paid best man

Continued from page 1

charitable work. A long list of Pargav transactions at times corresponds with the 18 foreign destinations that Mr Werritty and Dr Fox visited together over the past 16 months, offering the first clear indication about who was paying for the self-styled adviser's travel.

Some £583.34 left the company's accounts on December 21, 2010, to pay The Palace, a five-star resort in Dubai. Records released by the Ministry of Defence showed that Dr Fox was also in the UAE city from December 17 to 22.

Pargav's finances track Mr Werritty back to Dubai in June this year — the time when he fixed a meeting with Dr Fox for Harvey Boulter, a British businessman, that triggered the furor over a man not paid by the Government or vetted by the security services posing as an adviser to the Defence Secretary, one of the most sensitive jobs in the Cabinet. On June 17 there is a Dubai Duty Free charge for £10.30, while four days later a payment goes out to the Crowne Plaza Hotel for £189.05.

Moving to Sri Lanka, the following month, the account shows that Mr Werritty withdrew £117.73 from the Hatton National Bank, one of the largest private sector banks in the country. Oliver Hylton, a charity adviser to the head of CQS, a multibillion-pound hedge fund, befriended Mr Werritty through mutual Tory contacts. He became a director of Security Futures, the now defunct defence and energy consultancy that was also established by Mr Werritty, and agreed to become the sole director of Pargav in June last year — a move he acknowledged was "naive".

"He came into my office and said I want to set up a new company. It sounds ridiculously naive in hindsight, but I agreed. I signed the documents and nothing more," Mr Hylton said. He added that he did not know the sort of work that Mr Werritty was doing with Pargav, but thought it was related to "geopolitics". "I saw Adam as an adviser [to Dr Fox] of some sort. Anything he did was for the good of Liam Fox and supporting his office. Adam is a good and honest man. He has just been making a living. I have found him to be nothing other than honest and

decent and the same with Fox."

Michael Hintze, the chief executive of CQS and a loyal supporter of Dr Fox, let Mr Werritty, 33, use a desk and a phone line at his London offices to run a separate charity that was set up by the Defence Secretary in 1997 to support Britain's relationship with the United States. The Atlantic Bridge was wound up last week after losing its charity status. Mr Werritty handed in his access card to the CQS office a month ago. Mr Hintze said he too had assumed Mr Werritty was working for

the Defence Secretary, noting that the younger man was present more than half a dozen times he had seen Dr Fox over the past 16 months. "He was always there," he said. Asked about Pargav, a spokesman for Dr Fox said: "Adam Werritty does not work for the Defence Secretary as an official or unofficial adviser." Even before *The Times's* revelations, Mr Fox's chances of surviving as Defence Secretary were diminishing as senior Tories began to question his judgment. David Cameron asked for patience, saying that to act before he had received a report from the Cabinet Secretary into Dr Fox's links with Mr Werritty would be sign of weakness. However, a view is developing in Downing Street that the questions raised about Dr Fox's judgment in seeming to give his former flatmate an unofficial advisory role make it hard to remain in his job. "The balance is starting to tilt," a source said.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE TIMES

Date 14 October 2011

Page 8,9

clipShare  
newspaper licensing agency

Liam Fox

# From one opulent, dizzy height to another: lavish life on the trail of Dr Fox

There is no need to win a raffle when the rich are on your side, reports **Lucy Bannerman**



Having had the privilege of dining at one of Dubai's most exclusive restaurants, Adam Werritty will know that after stepping out of the express elevator on to the 123rd floor of the world's tallest building, and marvelling at the views from the glass atrium, guests are encouraged to present their business cards on arrival.

This is not for security. It is a raffle. The prize? Afternoon tea for two.

It is unclear whether Mr Werritty's card is lurking at the bottom of any glass jars at the luxurious grill and lounge below the observation deck of the Burj Al Khalifa, although there are no prizes for guessing who he might have taken along should he have won.

What is certain is that, at almost exactly the same time that Liam Fox, the Defence Secretary, took a couple of days' leave in Dubai, en route from Afghanistan, his best man enjoyed a visit to Al.Mosphere, spending £407.09. The venue boasts mahogany-pannelled VIP areas and marble-clad viewing platforms while signature drinks include a beetroot Martini. The finest Japanese Kobe fillet will set you back £76. The dedicated meateater can also try beef tartare with caviar.

It is just one of many top class venues that Mr Werritty frequented in the days after Dr Fox completed his official

engagements. Accounts show that during this period, he made a number of payments, apparently winning and dining himself and others in no fewer than three luxury Dubai hotels.

He made one payment of £37.49 and a second of £189.05 at the Crowne Plaza and another payment of £73.61 at The Times of Arabia, a Lebanese restaurant inside the Madinat complex which boasts turquoise pools and the finest banqueting facilities for the discerning businessman, less than 12km from the Burj.

According to documents seen by *The Times*, these payments came out of Pargav Ltd accounts in the space of a single day.

The expenditure is typical of the five-star lifestyle of a man whose 18 privately funded trips over a 13-month period have prompted a slew of unanswered questions.

The man at the centre of the scandal appears to be no stranger to luxury.

Cash machine withdrawals highlight time spent in the gentleman's stomping grounds around Kensington, Pimlico, Victoria and Berkeley Square, while regular payments — of £200 and £400 a time — help to fund his membership of the Carlton Club, the oldest, most

elite Conservative club in London. But it is the foreign travel that is arguably most revealing.

On December 21, 2010, he spent £583.34 and £169.56 at The Palace, another luxury hotel on the conference circuit in downtown Dubai — the same day that Dr Fox was giving a press conference just a few blocks away.

Over the next two days, which Dr Fox took as leave, Mr Werritty spent £665.57 at the "serene oasis" of the five-star Shangri La, in Dubai. There were no officials to accompany them.

Accounts show that Mr Werritty then returned to the UK, on his preferred airline — Emirates — in time to check into The Stafford Hotel, the smart venue in the heart of St James's, Central London, where he appears to have spent New Year. He did not stay in the UK long, however. On February 4, he paid more than £1,000 to Swiss Air, and spent February 17-21 on a skiing holiday in Switzerland.

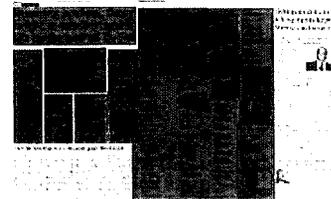
By the end of March, Mr Werritty

was back in the Gulf. While Dr Fox was at the Shangri La hotel, during a five-day visit that took in Qatar, Dubai and Bahrain, Mr Werritty checked in a few blocks away at the Sheik Zayed Hotel.

Weeks later, in a visit that coincided with Dr Fox and his wife, from April 14

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-1.co.uk/publishing.com](http://www.nla-1.co.uk/publishing.com)



THE ~~ASIA~~ TIMES

Date 14 October 2011

Page 8,9

clipShare  
newspaper licensing agency

to 18, Mr Werritty returned to Abu Dhabi, this time treating himself to the Meridien. Two payments were made to the hotel for £161.54 and £430.13.

From May 31 to June 1, Dr Fox stopped off to take leave in Hong Kong, en route to the Shangri La Dialogue in Singapore. There he met Mr Werritty.

It was while in Hong Kong, perhaps mindful of the high-profile event that he was about to attend, Mr Werritty decided to go on a shopping trip. Documents show that he paid £2,260.82 to Ash Santani Clothing, a long-established Hong Kong tailor favoured by jet-setting businessmen.

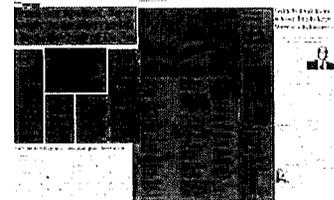
The purchase was promptly followed by a trip to the upmarket shoe shop, in the foyer of his hotel — this time the Mandarin Oriental — famed for its lizard, leather, and crocodile skin high-quality shoes. The accounts show that Mr Werritty spent £225.44 at Mayer Shoes.

Pargav's donors may have been surprised to find the money they gave to promote various interests was instead being spent by Mr Werritty on luxury accommodation, shoes and clothes.

After the event in Singapore, Mr Werritty allowed himself a rare excursion into less-than-five star surroundings. On June 9, the accounts show, he went for a drink at Muddy Murphy's, an Irish theme bar in a shopping arcade. But it wasn't long before he was back living life in the fast lane. On June 14 he spent £1,588.98 on lastminute.com and later that month, he was checking into the five-star Cinnamon Grand, a corporate-style hotel in the heart of Sri Lanka's capital Colombo.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



**Payments  
from the  
Pargav  
account**

DECEMBER 21, 2010  
**The Palace, The Old  
Town, Dubai**

**£583.34**

DECEMBER 22, 2010  
**Shangri-La, Dubai**

**£665.57**

DECEMBER 23, 2010  
**Boisdale of Belgravia**

**£55.00**  
**£140.00**



**Emirates Airlines**

DECEMBER 30, 2010  
**£214.16**

MARCH 28, 2011  
**£2,895.12**  
**£926.87**

JUNE 30, 2011  
**£4,739.52**

APRIL 27, 2011  
**Millbank Spice**

**£113.95**



FEBRUARY 4, 2011

**Swiss Air**

**£1,077.99**



APRIL 21, 2011  
**Méridien, Abu Dhabi**

**£161.54**  
**£430.13**

JUNE 6, 2011  
**Ash Santani Clothing,  
Hong Kong**

**£2,260.82**



**Carlton Club**

NOVEMBER 9, 2010  
**£200.00**

JANUARY 18, 2011  
**£300.00**

MARCH 1, 2011  
**£300.00**

APRIL 12, 2011  
**£400.00**

JULY 5, 2011  
**£81.80**

JULY 18, 2011  
**£400.00**

SEPTEMBER 9, 2011  
**£400.00**

JUNE 7, 2011  
**Mandarin Oriental**

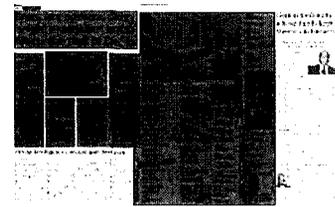
**£760.26**

JUNE 21, 2011  
**Crowne Plaza, Dubai**

**£37.49**  
**£189.05**

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE ~~ATLAS~~ TIMES

Date 14 October 2011

Page 8,9

clipShare  
newspaper licensing agency

JUNE 22, 2011

Virgin Atlantic

£3,364.73

AUGUST 1, 2011

Virgin Atlantic

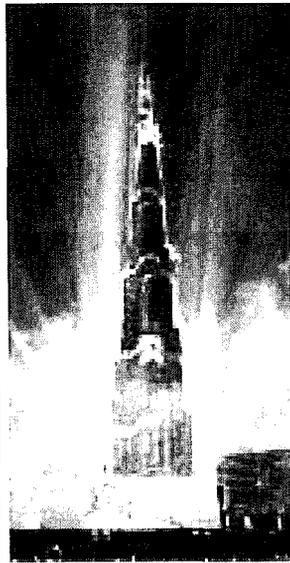
£3,445.73



JUNE 21, 2011

Restaurant,  
Burj Khalifa

£407.09



JUNE 23, 2011

Cinnamon Grand

£613.56

JUNE 23, 2011

Continental

£396.90

JULY 8, 2011

Armani Hotel,  
Dubai

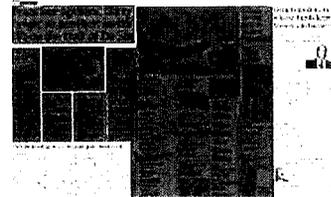
£217.78



Adam Werritty:  
the payment of  
his expenses has  
been the source  
of speculation

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 14 October 2011

Page 8,9

clipShare  
newspaper licensing agency



SEIGH KUMAR / THE PATRIOT

Liam Fox at a hotel in Dubai on December 20, 2010. A £583.34 bill from The Palace hotel, a few blocks away, was paid by the Pargav account the next day



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Generous donors whose funds kept Werritty in business

**G3** Big player in strategic analysis  
run by Reagan's troubleshooter

A key player in the world of strategic analysis and corporate intelligence, G3 is perhaps the most intriguing of Adam Werritty's financial backers.

G3 stands for Good Governance Group but its main income comes less from providing government advice and more from due diligence — that is, investigating company and national risks for nervous investors. The company was set up in 2004 by two former executives from Kroll Inc.

Under the helm of Chester Crocker — an American diplomat and Ronald Reagan's Secretary for African Affairs — G3 has gained a distinctly geopolitical veneer. It offers "insight, analysis and advice to help leaders make informed decisions and realise value in complex situations". Mr Crocker was essentially a troubleshooter for President Reagan and is widely credited with the diplomacy that led to the withdrawal of Cuban troops from Angola. Apart from his G3 job he also serves on the board of Bell Pottinger Communications USA.

There is thus a clear line from G3 and other donors into Pargav. As a not-for-profit organisation it stops short of full charity status and therefore does not offer tax breaks for donors. But it seems to offer an outlet for those who believe that Thatcherite aims should be supported. The politics of G3 is not, however, narrowly Conservative. One of its advisers,



Chester Crocker: at the helm of G3

according to the Parliamentary Register of Interests, is Lord Ashdown of Norton-sub-Hamdon, the former leader of the Liberal Democrats. He gives his responsibilities as "advice on security and governance issues worldwide" in his role as part of the group's charitable foundation.

The advisory board of G3 is chaired by Lance Brown, vice-chairman of Standard Chartered, a heavyweight expert on the Chinese economy. He is China adviser to the City of London and chairman of China Goldmines Plc. The range of G3 has been expanded to include cyber-security. The main thrust of the company's investigative work is done by its sister company, Proven. On the board is Lord Macdonald of River Glaven, QC, a former Director of Public Prosecutions.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



### Tamares Real Estate The largest landholder in Las Vegas

Tamares Real Estate is the largest landholder in Las Vegas, which has acquired and managed properties that cater for high-rolling gamblers. They include the Nevada Hotel and Casino, The Vegas Club, The Gold Spike and the Queen of Hearts Hotel and Casino — all familiar locations for serious poker players. But the company's interest in Pargav seems to be rooted in the background of its owner, the Finnish billionaire Poju Zabludowicz, who ranks as a major Conservative donor. Last year

he donated £131,805 to the party. When William Hague, the Foreign Secretary, visited Israel last year, Mr Zabludowicz and his wife, Anita, were prominent guests at a dinner party thrown in Mr Hague's honour by the British Ambassador. Mr Zabludowicz supports Israeli causes, including BICOM (Britain Israel Communications and Research Centre), which is one of the common threads running through Mr Werritty's network of political friendships.

### Jon Moulton Venture capitalist who tried to buy MG Rover



Jon Moulton, the outspoken 62-year-old venture capitalist, is best known for leading Alchemy Partners' unsuccessful bid to buy MG Rover from BMW in 2000. Mr Moulton is now the managing

partner of the private equity company Better Capital. Last night the Conservative Party donor strongly dismissed any possibility that Better Capital had contributed to Adam Werritty's company. But he did not deny making a personal contribution. "I'm not commenting on this at all. This has nothing to do with anybody," he told *The Times*.

● Other Pargav sponsors appear to include Michael Lewis, of Oceana Investments. The 52-year-old investor, who runs the South African fashion

chain Foschini, is also a big contributor to Conservative Party coffers, and until two years ago he was the deputy chairman of BICOM.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nfa-republishing.com](http://www.nfa-republishing.com)



# Hunted Fox finally runs out of friends

## Times report on private donations marks end for Defence Secretary

Roland Watson, Deborah Haynes

Liam Fox bowed to the inevitable yesterday and quit as Defence Secretary even as new questions emerged about the role of his friend and self-styled adviser Adam Werritty.

Dr Fox spared David Cameron the political awkwardness of a sacking and told the Prime Minister in a surprise 2.30pm phone call that he was resigning.

He said that he had "mistakenly allowed the distinction between my personal interest and my government activities to become blurred".

Downing Street had expected Dr Fox to use a meeting with Sir Gus O'Donnell, the Cabinet Secretary, on Monday to fight for his political life. But within hours of *The Times* publishing full details of the corporate and foreign policy interests funding Mr Werritty as he shadowed the Defence Secretary around the world, Dr Fox decided that his position was untenable. The Prime Minister's spokeswoman had earlier said that the disclosures in *The Times* "do draw concerns".

Allies of Dr Fox, already braced for more damaging headlines, blamed the "deluge of non-stop detail" for the demise of the Cabinet's leading Thatcherite.

Last night it emerged that Dr Fox had solicited a donation for a company financing Mr Werritty's activities even while he was Defence Secretary — the most damaging revelation yet.

John Moulton, a venture capitalist, demolished Dr Fox's insistence that he had not used his position as Defence Secretary to help Mr Werritty's travels, during which the pair crossed paths 18 times in 16 months.

Mr Moulton said: "Before the last election I had made several, on the record, donations to support Dr Fox following a request to do so from a Conservative Party fundraiser. After the election I was asked by Dr Fox to provide funds to a non-profit group called Pargav involved in security policy analysis and research and after obtaining written assurances as to its activities I provided personal funding to Pargav.

"Neither I, nor any of my associates, have sought or received a benefit of any form from Pargav. I have not received an account of Pargav's activities, nor have I been involved at all with Pargav, since funding. I will not be doing this again."

Philip Hammond was named as the new Defence Secretary in a limited but eye-catching reshuffle. Mr Hammond, until last night the Transport Secretary, has spent most of his time on the front bench as part of the Treasury team. He will be expected to keep an iron grip on the Ministry of Defence budget. Justine Greening takes charge  
Continued on page 4

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE ~~NEW~~ TIMES

Date 15 October 2011

Page 1,4

clipShare  
newspaper licensing agency



LEWIS WARD / PA

Liam Fox said he let personal interests and his government role become blurred

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Fox finally runs out of friends

Continued from page one

of the Department for Transport, a meteoric rise for the junior Treasury Minister who leap-frogged more senior colleagues into the Cabinet.

Chloe Smith, 29, emerged from the Whips' Office to succeed Ms Greening as Economic Secretary to the Treasury. She has been an MP for little more than two years, and with the Tories lagging behind in polls among women it is notable that two of Mr Cameron's promotions were female.

Dr Fox's resignation follows the gradual chronicling of his links with Mr Werritty, his best man. What began with the disclosure that Mr Werritty was handing out a business card describing himself — incorrectly — as Dr Fox's adviser snowballed with details of the scale of the shadow foreign policy operation that the Defence Secretary appeared to be operating, with his friend at its heart. Even as

Dr Fox was deciding to quit, he was facing fresh revelations, including:

- Many of the donors who funded and supported Mr Werritty's work also bankrolled Dr Fox's office in opposition. They included Mr Moulton, Michael Lewis and Michael Hintze. The disclosure casts further doubt on Dr Fox's insistence that Mr Werritty was not promoting his interests;

- The first evidence linking Dr Fox to one of the companies run by Mr Werritty. Dr Fox was listed as the chairman of a forum on Iran arranged by Security Futures in 2008. The company has since been succeeded by Pargav Ltd, set up by Mr Werritty. Dr Fox's aides had previously downplayed any suggestion of a link;

- Mr Lewis, a millionaire Tory donor, paid £30,000 to Pargav Ltd in December, a sum he thought was going to Security Futures until Mr Werritty informed his office of the name-change.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



Liam Fox

# Revelations about adviser's links to wealthy financiers brought Fox down

Funding of costly trips raised questions about minister's judgment, writes Deborah Haynes



**I**t began with a story about corporate "blackmail" and ended in the downfall of one of the most effective defence secretaries in a generation. The final blow to Liam Fox — after eight days of increasingly uncomfortable headlines — came when *The Times* revealed the names of some of the wealthy financiers who funded the first-class lifestyle of Adam Werritty, his globe-trotting friend and self-styled adviser.

Evidence that Mr Werritty's luxury travel to foreign shores alongside the Defence Secretary was part-bankrolled by a corporate intelligence firm with an interest in Sri Lanka, an investor who lobbies for Israel and a venture capitalist supporting closer ties with Washington, raised further questions about how Dr Fox operated and whom he allowed in his inner circle.

No "smoking gun" has yet emerged

proving that the MP for North Somerset committed a sackable offence but the perception of wrongdoing and continuing speculation about his conduct meant that by 4pm yesterday Dr

Fox himself agreed that his position was no longer tenable.

"I have always placed a great deal of importance on accountability and responsibility," he said in a resignation statement. "I mistakenly allowed the distinction between my personal interest and my government activities to become blurred. The consequences of this have become clearer in recent days. I am very sorry for this."

His departure came four months after *The Guardian* first published a relatively obscure story about a meeting in Dubai in June between Dr Fox and the head of a company with links to the Government. Harvey Boulter,

chief executive of Porton Group, had been accused of "blackmail" over his dealings with 3M, a major US conglomerate, relating to a separate lawsuit.

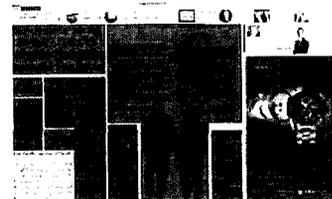
A curious discrepancy emerged about the events that surrounded the off-diary meeting at a luxury hotel in the UAE city — it had been set up by a man called Mr Werritty, 33, who had presented himself as Dr Fox's special ad-

viser even though he had no official government job. Suddenly what started as an interesting but forgettable business story leapt to the front pages of every newspaper. By last weekend it dominated the news, with revelations about the Defence Secretary and his close relationship with a man 17 years his junior.

Dr Fox dismissed the reports as "baseless" but there was an outcry from Labour, which called for David Cameron to launch an investigation into

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 15 October 2011

Page 4,5

clipShare  
newspaper licensing agency

whether the Defence Secretary had broken the ministerial code or breached national security by allowing an unvetted individual such access to his dealings around the world.

Members of the Armed Forces also expressed surprise at the apparent conduct of the man who was supposed to be focused on helping the Ministry of Defence to bounce back after a year of heavy cuts, with war still raging in Afghanistan, and Libya still unsettled.

Initially an internal inquiry was ordered but by last Saturday Downing Street had stepped in to demand to see the interim findings after the weekend.

The pressure was mounting, with Dr Fox facing awkward questions about his private life and travel preferences as he made what should have been a triumphant visit to Tripoli.

The unanswered questions about who Mr Werritty was, why he was so close to Dr Fox and whether private interests were profiting from the access or being able to exert undue influence on policy started to obstruct Dr Fox's ability to work effectively.

On Monday afternoon, grim-faced but still fighting, he finally appeared before MPs in the Commons to take defence-related questions followed by a statement about the Werritty furore.

"I do accept that given Mr Werritty's defence-related business interests, my frequent contacts with him may have given an impression of wrongdoing, and may also have given third parties the misleading impression that Mr Werritty was an official adviser rather than simply a friend," he said. "I have learned lessons from this experience."

His words failed to satisfy his challengers who continued to demand answers about Mr Werritty, particularly after the interim findings of the internal investigation revealed that the two men had met at least 18 times overseas during the past 16 months, including Sri Lanka, Hong Kong and Florida, where Mr Werritty met two of the top commanders in the US military.

He also visited the MoD at least 22 times, at one point taking part in a meeting with the incoming British Ambassador to Israel.

The revelations increased demands for a full inquiry. Sir Gus O'Donnell, the Cabinet Secretary, took over the task of examining Dr Fox's interactions with Mr Werritty, who has been interviewed twice about his business links with the Defence

Secretary and his sources of income.

Dr Fox, who is married, also had to deal with innuendos about his sexuality given the unusual nature of such a close relationship with a younger man. Such rumours were also fuelled by the revelation that a man — not Mr Werritty — had been staying at Dr Fox's home when it was burgled in April last year.

"I was a victim of a violent crime and I'm appalled at being portrayed as having something to hide," the MP said in a statement on Wednesday.

The drip, drip, drip of revelations continued, each offering a new angle, a different insight, a clearer picture of what was happening but never establishing the killer link that proved foul play.

There were stories about a boozy party in Dubai, additional military assistants, mysterious trips to Iran, a shadow foreign policy in Sri Lanka and a growing impression that Mr Werritty was acting as a sort of one-man intelligence service who helped the Defence Secretary overcome what authoritative sources called Whitehall inertia.

Within the MoD, conversation had switched from if Dr Fox would quit to when, with speculation turning instead to who would replace him and what a nightmare it was going to be to start

again with a new secretary of state. Finally yesterday *The Times* revealed that G3 Good Governance Group, a corporate intelligence company, Tam-ares Real Estate, an investment company owned by Piotr Zabudowicz, the chairman of BICOM — an organisation that lobbies the British Government on behalf of Israel — and Jon Moulton, a venture capitalist, were among more than six different entities that each paid up to £35,000 to a not-for-profit company set up by Mr Werritty, which was used to fund much of his foreign travel and entertainment.

Individuals who gave money to Pargav, which took over from an earlier company, Security Futures, are understood to have believed they were paying an organisation involved in private initiatives to encourage peace in the Middle East and elsewhere. Some were surprised that cash instead footed bills at five-star hotels and top restaurants.

There was still no evidence of wrongdoing by Dr Fox or Mr Werritty but the headlines finally proved too much for the embattled Defence Secretary, who put out a short, apologetic statement before disappearing.

His downfall, while inevitable, was

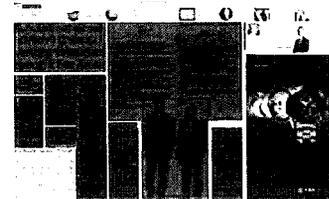
met last night with bitter disappointment among those who believed that he had done a good job in getting to grips with a £38 billion black hole in the defence budget after years of inefficiency and overspend. "The new guy needs to get to grips with the budget issue fast," said one commander.

THE  TIMES  
Fox's friend was funded by  
private intelligence group

THE TIMES FRIDAY 14TH OCTOBER  
2011

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



I have truly valued your support

Dear David,

As you know, I have always placed a great deal of importance on accountability and responsibility. As I said in the House of Commons on Monday, I mistakenly allowed the distinction between my personal interest and my government activities to become blurred. The consequences of this have become clearer in recent days. I am very sorry for this.

I have also repeatedly said that the national interest must always come before personal interest. I now have to hold myself to my own standard. I have therefore decided, with great sadness, to resign from my post as Secretary of State for Defence — a position which I have been immensely proud and honoured to have held.

I am particularly proud to have overseen the long overdue reforms to the Ministry of Defence and to our Armed Forces, which will shape them to meet the challenges of the future and keep this country safe.

I am proud also to have played a part in helping to liberate the people of Libya, and I regret that I will not see through to its conclusion Britain's role in Afghanistan, where so much progress has been made.

Above all, I am honoured and humbled to have worked with the superb men and women in our Armed Forces. Their bravery, dedication and professionalism are second to none.

I appreciate all the support you have given me — and will continue to support the vital work of this Government, above all in controlling the enormous budget deficit we inherited, which is a threat not just to this country's economic prosperity but also to its national security.

I look forward to continuing to represent my constituents in North Somerset.

Yours ever,  
Liam

David Cameron and Liam Fox, right, who he was "very sorry to see go"

Dear Liam,

Thank you for your letter. I understand your reasons for deciding to resign as Defence Secretary, although I am very sorry to see you go.

We have worked closely for these last six years, and you have been a key member of my team throughout that time.

You have done a superb job in the 17 months since the election, and as Shadow Defence Secretary before that.

You have overseen fundamental changes in the Ministry of Defence and in our Armed Forces, which will ensure that they are fully equipped to meet the challenges of the modern era.

On Libya, you played a key role in the campaign to stop people being massacred by the Gaddafi regime and instead win their freedom.

You can be proud of the difference you have made in your time in office, and in helping our party to return to Government.

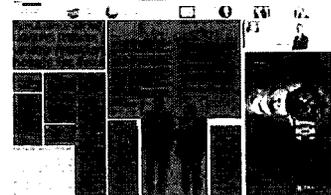
I appreciate your commitment to the work of this Government, particularly highlighting the need to tackle the deficit, and the relationship between Britain's economic strength and our national security.

You and Jesme have always been good friends, and I have truly valued your support over the years. I will continue to do so in the future.

Yours ever,  
David

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)

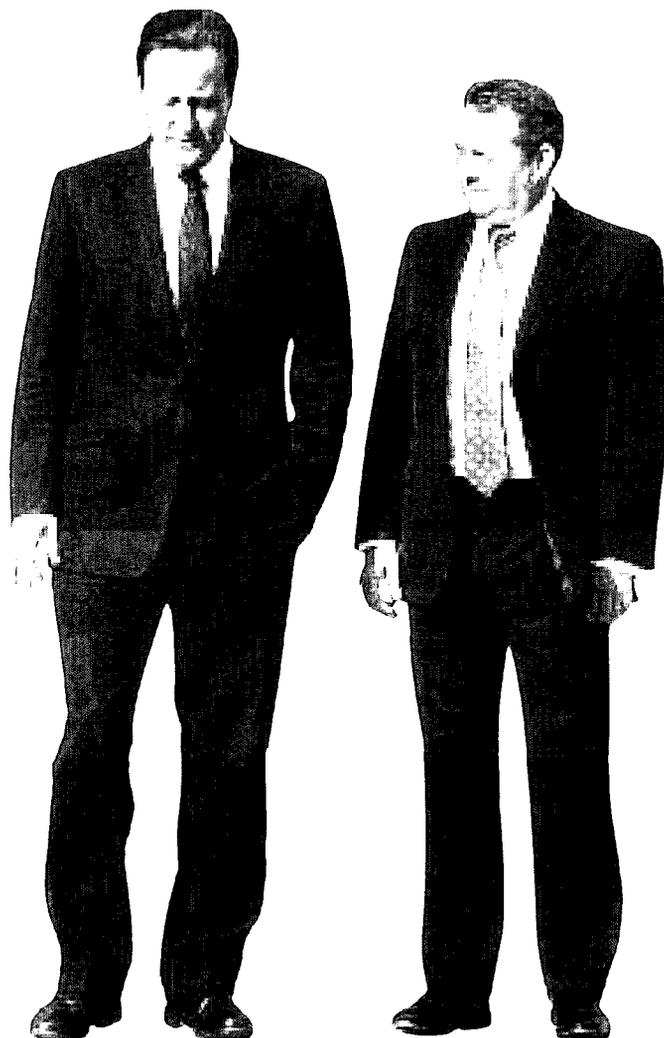


THE  TIMES

Date 15 October 2011

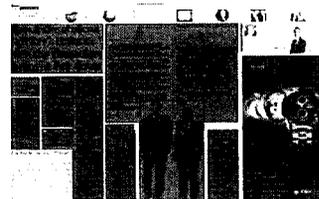
Page 4,5

**clipShare**  
newspaper licensing agency



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



Liam Fox

## Lavish lifestyle bankrolled by a network of right-wing donors

Mystery surrounds who accessed Adam Werritty's company account, which was rarely in the red, reports Billy Kenber



A complicated network of wealthy right-wing businessmen, shell companies and slush funds paid for flights, five-star hotels and a visit to a New York topless bar as Adam Werritty travelled the world.

Over the past 12 months, almost £150,000 was paid into the account of Pargav Ltd from transfers from wealthy benefactors and sizeable cash deposits at Central London banks.

Oliver Hylton, a senior aide to the head of CQS, a multibillion-pound hedge fund, is listed as the sole director of Pargav Ltd, which was set up last year. He said he had agreed to sign the documents setting up the company when Mr Werritty came to his office, but had no other involvement.

"I had no idea anybody else other than Adam Werritty was involved with the company," Mr Hylton said.

But accounts obtained by this newspaper appear to show that at least two other people had access to the Pargav Ltd account. In a three-day period in December 2010, debit card payments were simultaneously recorded in Sri Lanka, Dubai and London.

On December 20, a Pargav debit card was used to pay a bill of 900 Sri Lankan rupees (£5.35) at an English bar in Colombo. The next day, £583 was spent at a hotel in Dubai and debit cards were used in both Sri Lanka and Dubai on December 22.

Information in the accounts seen by *The Times* suggest they are not delayed payments for an earlier trip.

On December 21, £100 was withdrawn from the fund from a cash machine in Piccadilly, Central London, raising the likelihood that three people had access to the account.

The Pargav Ltd account was opened on October 14 last year when a company called Barclays PR paid in £5,000.

Other donors included John

Moulton, the venture capitalist who tried to buy MG Rover, and the South African businessman, Michael Lewis, amounting to a total of £133,000.

There were also large, anonymous cash donations handed over at bank branches in Westminster.

In November 2010, a month after Pargav Ltd had been set up, somebody walked into Lloyds TSB in Butler Place, close to Scotland Yard, and deposited £2,700 in cash.

Further cash deposits followed regularly every two to three months, amounting to almost £13,000.

Mr Werritty and other users of the account burned through funds at a rapid pace, but whenever the balance ran low, donors could be relied upon to top up the account within days.

At the end of May, after a trip to the United States, a business credit card bill of almost £2,000 pushed the account into the red on May 23. The account drew penalty charges for an unauthorised overdraft, but by June 2, the corporate intelligence company G3 Good Governance Group, deposited £15,000.

The money didn't last long. Mr Werritty spent £2,260 on tailored clothes and paid himself £5,800, and within a fortnight the account needed more

money. On this occasion, Tamares Real Estate deposited £3,000.

In total, there appear to have been at least four companies, including Pargav Ltd, which were set up as funds to pay for Mr Werritty's trips abroad.

The earliest, Security Futures, was set up in November 2006 and Mr Hylton was made a director in March last year. In its Companies House filings it described itself as "promoting a better

understanding of asymmetric 'security' risks that the UK faces". In 2008-09 it donated £15,000 to the now-closed charity, the Atlantic Bridge, which Dr Fox had set up to promote the "special relationship".

A spokesman for Tamares Real Estate, which is owned by Poju Zabudowicz, the chairman of BICOM, said that he understood Pargav Ltd to be a continuation of Security Futures, which was dissolved at the end of 2010.

"Poju made a contribution to Security Futures for its peace promotional work and the latest invoice came in from Pargav. He understood it to be a continuation of that organisation's activities," the spokesman said.

Funds were channelled through two other companies controlled by Mr Werritty. Almost £35,000 was transferred from Pargav Ltd to Danscotia Consulting, which was set up in February 2007. For a period, Mr Werritty's then girlfriend, Ann Dahl Nielsen, was listed as company secretary.

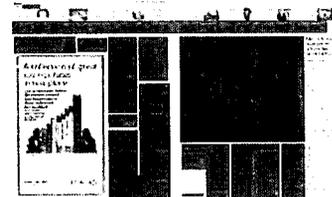
From mid-March 2011, the funds were switched to another company, Todiha Ltd, which is run solely by Mr Werritty and received a total of £19,300.

Almost all of the payments were for flights, hotel rooms and restaurant bills, but the account also settled bills from the mobile phone company O2 amounting to £4,138, and on one occasion paid £103 to a private London hospital. Three weeks ago, on September 23, a debit card linked to the Pargav Ltd fund was used to settle a bill of almost £400 at Larry Flynt's Hustler Club, a topless bar in New York.

Mr Werritty paid £7,800 into his personal bank account, and Mr Hylton received £3,960. Mr Hylton said that £960 was a payment for being a director and the remainder was a

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



loan for housing repair which he is due to pay back at the end of the month.

## What now for the man who brought down his mentor?

Profile Adam Werritty

**H**e is a central figure in a scandal which raged across the front pages and swept through the corridors of Westminster for more than a week (Billy Kenber writes).

But Adam Werritty, 33, whose friendship with Dr Fox forced the Defence Secretary to resign, remains something of an enigma — a shadowy figure who has been neither seen nor heard.

Now, as he reflects on the downfall of his close friend, Mr Werritty's future is an uncertain one. Since he met Dr Fox, studying for a degree in public policy at Edinburgh University in the Nineties, his career has been linked with that of his patron.

Shortly after graduating with a 2:2, he moved to London and into the spare

room of Dr Fox's South London flat. Over the next few years he set up a number of health-related businesses and consultancies, one of which Dr Fox, then Shadow Health Secretary, invested in. But they were not successful and for a brief period he was a paid intern in Dr Fox's Westminster office. Friends describe Mr Werritty as "a bit of a smoothie", prone to vague

promises to "do lunch". He was a regular in the bars of Westminster where it was simply assumed he was on the Conservative payroll.

On December 6, 2005, Dr Fox was given the defence brief in the Shadow Cabinet and a short while later Mr Werritty was named as the best man at his wedding.

In September 2006, Mr Werritty set up Security Futures, a defence and energy consultancy which

became the first of four companies used to channel funds from wealthy right-wing donors. He found himself in a role as an unofficial advance party and intelligence service, travelling the world to assist on issues — particular peace in Sri Lanka, Washington politics and Israeli national security — which Dr Fox was interested in.

In 2007, he was made the UK executive director of the Atlantic Bridge, a now-defunct charity which aimed to strengthen the "special relationship" between the US and Britain. Over four years he was paid £90,000 in this role, developing links with right-wing political and business figures. Wealthy

donors were asked to fund a series of not-for-profit companies which paid for Mr Werritty's travels.

For a period, he lived a charmed life. He met world leaders, arranged meetings in five-star foreign hotels and hosted lavish dinners.

He seems to have indulged in the fantasy, paying for business cards bearing the House of Commons logo and describing himself as Dr Fox's adviser. At least twice — seemingly mimicking his patron — he registered himself as Dr Adam Werritty. His father, Alan, a geography lecturer, confirmed he has never

received a doctorate.

For the first time, he cannot follow in Dr Fox's footsteps. The man who has lived in the shadows will have to step out and forge a career on his own.

### Pargav payments

**£379.60**

Larry Flynt's Hustler Club, New York

**£4,138**

O2 mobile phone bills

**£12,800**

Cash deposited into account

**£91.98**

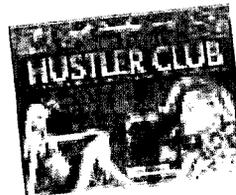
Inn on the Green, an English bar in Colombo, the Sri Lankan capital

**£80.17**

Prontaprint, which prints business cards, among other products



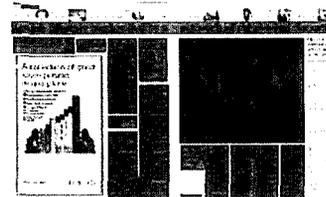
Ann Dahl Neilsen, Mr Werritty's former girlfriend



Larry Flynt's Hustler Club, a topless bar in New York

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nta-republishing.com](http://www.nta-republishing.com)

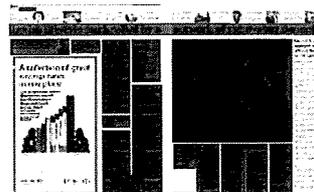




Adam Werritty on a visit to St John's University in Minnesota in October 2008

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Written off: the children lost in adoption shambles

## Campaign to double numbers who find families

Rosemary Bennett  
Social Affairs Correspondent

Thousands of children in care, some as young as five, are being denied the security of a permanent new family because they are considered too old for adoption, *The Times* can reveal.

New data shows the proportion of children leaving care for adoption plunges from one in three when a child is 4 or younger, to one in 15 after their fifth birthday. By the age of 12, only one in 100 is adopted.

The plight of older children in the care system is highlighted as *The Times* launches a campaign to double the number of annual adoptions from the current 3,200 in the next five years, and

to speed up the process from its average of two years and seven months.

Adoption numbers have fallen steadily, with some experts fearing that it has simply fallen out of favour at many local authorities that run the service.

Even the system Tony Blair introduced specifically to help older children to have more stability in foster care has failed to have much impact. Special guardianship orders (SGOs) were introduced as a halfway house between fostering and adoption, giving older children the permanency of adoption with their foster carers but without its legal finality or severing ties with the birth family.

However just five per cent of the over-5s who left care last year did so

under this arrangement, compared with nine per cent of younger children, for whom the orders were not intended. The data comes from a new analysis carried out by statisticians at the Department for Education. It shows that the commitment to adoption by individual local authorities varies widely. Some had no children over the age of 5 adopted last year, compared with the

top performers where one in five leaving care did so through adoption.

Having seen the data, Tim Loughton, the Children's Minister, said that he was concerned that some local authorities were operating "an informal age limit" where children were not being considered for adoption if their fifth birthday was in sight when they were taken into care.

Senior social workers say many prospective adopters are reluctant to take on older children who may have endured many more years of abuse or neglect and have more serious developmental or emotional problems as a result. But Mr Loughton said older children should not be denied the chance to be adopted.

"For kids who have had a pretty traumatic experience,"

Continued on page 8, col 4

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Written off: the thousands lost in adoption shambles

Continued from page 1  
-matic childhood, getting them into a safe, stable, loving family placement is of the utmost priority and every day that we fail to achieve that puts them at even more of a disadvantage," he said.

"While many babies are being adopted, as children get to school age the chances of getting adopted fall off dramatically. We need urgently to redouble our efforts to show these children are even more needing and deserving of a long-term placement and should not be written off simply because they are not babies or toddlers.

"I want to make sure local authorities are not operating some sort of informal age limit when it comes to placing children for adoption."

But John Simmonds, director of policy at the British Association for Adoption and Fostering, urged caution. "By the time a child is aged 5 plus, they have an ongoing and significant relationship with their birth parents, even if not living with them. Even if the likelihood

is they are not going home, legally separating them becomes very difficult.

"For one thing, the child's views must be taken into account and many make clear that even if their mother cannot look after them, they don't want all ties severed. It is an existing and significant relationship to the child," he said.

"The other consideration is that one third of adoptions of children over 5 are disrupted [break down] and it is often difficult to find families in the first place. The children often have complex needs. It is not ordinary parenting."

He said it was disappointing that SGOs were not used more widely for older children, and expressed concern that so many younger children were fostered under this system when adoption could be better.



Tim Loughton: against an adoption age limit

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Adoption

**Children are losers in a system riddled with delay and lethargy****Britain's  
adoption  
crisis**

Today The Times calls for action to reverse the freefall in adoption numbers, reports  
**Rosemary Bennett**

Britain has experienced a dangerous collapse in the number of children being adopted from care.

In 1970, more than 20,000 children found permanent new families through adoption. Last year, the number had fallen to just 3,200. This year it will be even lower.

The fall is perplexing, given the weight of evidence showing that adoption offers the best outcome for children taken into care. Early adoptions are particularly successful, yet only 70 under the age of one were adopted last year compared with 4,000 in 1976.

Clearly a lot has changed since the 1970s, when thousands of babies were relinquished at birth and hastily settled with childless married couples. Women are no longer encouraged or coerced into giving up their babies if they are born outside marriage, while the availability of abortion has prevented many unwanted children being born in the first place.

More controversially, the popularity of "attachment theory" in social work means that dysfunctional families are offered considerable time, help and support to try to mend their ways before children are removed. The theory requires that infants be allowed to develop a close bond with their mother in the first years of life. It means many until mothers are given a string of second chances.

But even when children are taken into care to protect them from abuse or neglect, adoption is rarely a first consideration. Many social workers are simply unwilling to contemplate it. They do not like its legal finality, the fact that

contact with the birth family is invariably broken, names are changed and a child is given new "for ever" parents.

For older children this reluctance is even greater. The child has lived with his or her mother or had contact with her for so much longer that severing all ties is considered too damaging. Far better, they believe, to consider long-term foster care, where contact remains and the door is left open for eventual reconciliation with the birth family.

Even when adoption is considered, the system is mired in delay and lethargy. The decision about whether or not a child should be adopted should be made within six months of entering care. Yet figures obtained by *The Times* show last year only one local authority managed that on a consistent basis. Authorities are then required to place a child with adoptive parents within a year of that decision. Only 47 local authorities out of 174 in England and Wales managed the deadline.

Courts and adoption panels duplicate each other's work, with judges frequently demanding more and more independent assessments because they do not trust the judgments of the social workers. A shortage of guardians to represent the wishes of children adds to the delay. The Baby P tragedy has resulted in all the focus in children's social services switching to removals,

with adoption slipping to the bottom of the priority list in children's services departments. Reforms introduced by Labour to encourage extended family members to look after children rather than have them taken into care have

also added to the delay. Now any family member, no matter how unsuitable, must be assessed before an adoption order can be granted.

The average time taken between a child being taken into care and being adopted is more than two years and seven months — 955 days. The number of children being adopted should be at least double the current total, especially given the rise in children coming into care, and the average time for the process should be halved.

The Government has made a good start in addressing some of the problems behind the fall in adoption, most notably issuing new guidance to local authorities that white couples should not be prevented from adopting ethnic minority children.

But there is a danger the new guidance will simply be ignored by hard-pressed local authorities struggling with budget cuts and an increasing pressures of hundreds more children being taken into care. Tony Blair found out to his cost that unless pressure is relentlessly applied at the door of the town hall, progress is undone. He brought in a series of targets when he was Prime

Minister to double the number of adoptions from the all-time low of 1,900 a year that he inherited. They worked, and adoptions rose to 3,800 in 2005.

But the financial rewards attached to meeting the targets led to accusations that social workers were "snatching babies", the easiest age to have adopted, with indecent haste in order to achieve the goals. More likely, targets led to more resources, energy and atten-

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



tion being dedicated to adoption.

The targets have now lapsed and the numbers fallen back again. The Government has said that it does not want to go down this route, but it will consider forcing the worst performers to relinquish their adoption departments to voluntary agencies. Harrow Council did that voluntarily in 2007 when it wanted to improve the numbers of children adopted, and the Coram children's charity took on the task. The results have been impressive, with children waiting on average only four months to be approved for adoption.

Today *The Times* highlights the plight of older children in particular. Tomorrow the paper will consider the problems encountered by ethnic minority children and those seeking to adopt them. Over the next three months, all aspects of the system will be examined.

Children in care deserve to have a new permanent home. We hope we can help more have that opportunity.

## 'They need far more affection and attention'

Case study Older children

**T**hey were the tearaway brothers social workers believed could never be adopted (Rosemary Bennett writes). Nathan, now 12, and Robbie, 11, were taken into care at 5 and 4. In the following three years they had three foster placements, with the third family saying they had had enough.

But when Scott Casson-Rennie, 34, above left, and his partner Tristan Casson-Rennie, 39, from Cambridgeshire, saw the pair in the adoption register it "felt right".

Scott said: "Foster care was not working. The younger one had big behavioural problems. He was very angry and not able to express himself. He was a handful. His older brother appeared more placid, but he has his own issues too. They had reached a difficult point in the care system. It was make or break." The

fact that the boys were in the adoption register in the first place

meant that their local authority held out little hope of finding a match. The register is for children judged "hard to place". But after a trial period, Scott and Tristan adopted the boys and they have since thrived.

Older children can present quite a challenge to adoptive parents. Scott, who stays at home to care for the boys, admitted there have been difficult moments. "We have been through some tough times, but never to the point we would think of giving up," he said. "There is a routine and they know what sort of behaviour we expect. We spent a lot of time at the start observing them and seeing what we thought they needed."

He urged anyone interested in adopting to consider an older child. "Don't underestimate what you are able to get out of a relationship with an older child. A lot of people think they will have grown out of hugs and bonding, that they won't like bedtime stories. But they haven't had a lot of that sort of affection and attention in their life, so they need far more of it than most children their age. A lot of older kids from care come across as much younger. Santa Claus and the tooth fairy still visit our house."

*Names have been changed*

## 'We waited for our little girl as time slipped by'

Case study The delays

**C**laire and Nick Simpson have adopted three little girls since 2004 with each adoption taking twice as long as the one before (Rosemary Bennett writes).

After the couple, who live in Berkshire, were approved for adoption in 2003, they were told about Ashley, aged 14 months, in October of that year and started visiting her in January 2004. They brought her home the same month.

Two years later they were ready to adopt again. "We were reapproved and a couple of children were identified. We settled on a little girl, Lara, and were told she could come home with us in January 2007.

"But the law had changed so when her birth father appeared - Lara had never lived with him - he demanded to be considered.

"It took ages to assess him. Then

the birth mother, who had a severe alcohol problem, suddenly said she wanted to be reassessed. The social workers said there was no prospect of either being allowed to look after Lara, but they had to go through the process. We finally got Lara in June when she was 19 months old."

In November 2007 Lara's birth mother had another little girl, Emma. In January 2008 Mr and Mrs Simpson were called by social workers who said they wanted Emma to be adopted immediately.

Would they be interested? The couple were asked to call back by noon the next day with a decision.

"We said yes and were told she would be with us by the end of the month. In fact it was just before Christmas," Mrs Simpson said.

"It just seemed Emma wasn't a priority. The social worker went on holiday for three weeks and everything stopped. Then she broke a bone and was off for four weeks. It was so disheartening not knowing when we would have our little girl.

"Time was slipping by. She was getting used to her foster carer. Fortunately the transition was smooth. But it seems ridiculous that if there is no obstacle, that there can't be some sort of fast track."

*Names have been changed*

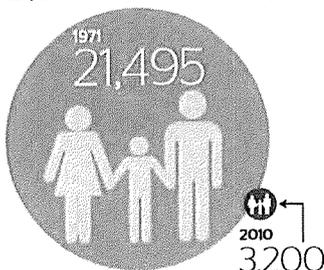
Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)

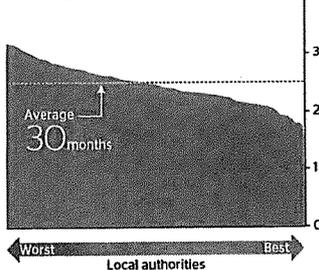


Waiting for a family

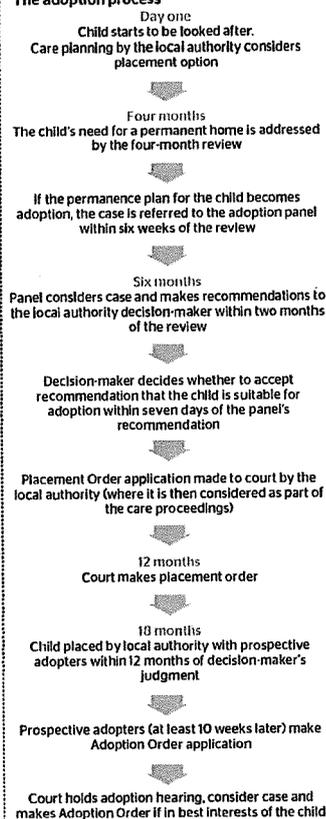
Adoption numbers have fallen over 40 years



How long does it take?

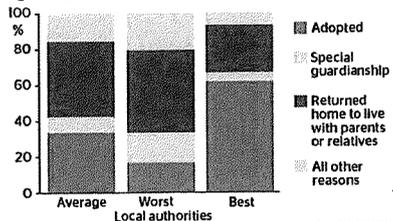


The adoption process

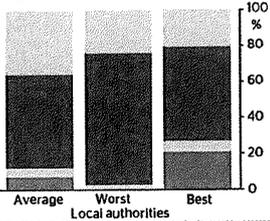


Variations in proportion of children leaving local authority care

Ages 0 to 4

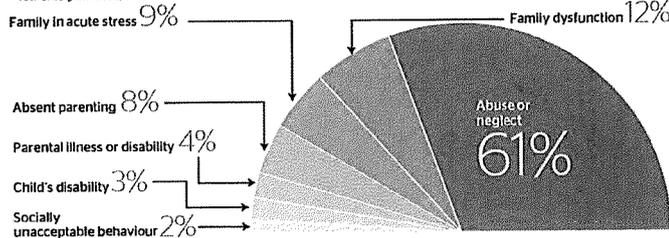


Ages 5 to 17



Reasons children have entered care\*

\*Year ending March 31, 2010



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 18 April 2011

Page 8,9

**clipShare**  
newspaper licensing agency

EX-40-54224 FOR THE TIMES



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Children in care face adoption apartheid

Black youngsters wait extra year to leave care

Rosemary Bennett, Anushka Asthana

White children in care are three times more likely to be adopted than black youngsters, according to new data that suggests an unofficial racial apartheid is operating in parts of the system.

Even black children who do manage to leave care for adoption take much longer than any other child. New figures reveal black children taken into care under the age of 5 have to wait for an average of 1,300 days before the adoption is complete, compared with 955 days for white or Asian children in a similar situation.

The analysis reveals major delays and inequalities at every stage of the adoption process. Even the initial decision about whether a child should be considered for adoption takes far longer for black children — one year and five months, compared with eleven months for white children. Social workers should be completing this stage for all children within six months.

The findings come as *The Times* launches a campaign to speed up the process and substantially increase the number of successful adoptions. There were 3,200 adoptions last year, compared with more than 20,000 a year in

the 1970s, and the number is expected to fall farther this year, despite a sharp increase in the number of children being taken into care.

Tim Loughton, the Children's Minister, has said that adoption is in danger of "fizzling out".

The most surprising finding in the new analysis is that black children have such a raw deal. Mixed-race children face considerable delays, but the proportion adopted is high, at about one in three of care leavers, roughly the same as white children.

Although the proportion of Asian children adopted is much lower, at 16 per cent, the process is faster than for other ethnic groups at just over two years. By contrast, just 12 per cent of black children leave care through adoption and it takes three years and seven months to complete the process.

David Lammy, the MP for Tottenham, urged the authorities to improve the adoption rates for black children. He said: "I am appalled, but not surprised, about what these figures are telling us about the ethnic profile of these children. They are the downstream problem of teen pregnancies and crime — it is a vicious circle. We

need these children, whatever their background, to be with loving families."

He visited Feltham Young Offender Institution six weeks ago and half of the inmates he spoke to had been in care. "We need to halt this, and halt it earlier in the system."

John Simmonds, head of policy at the British Association for Adoption and Fostering, said that the figures for

Continued on page 14, col 4

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Black children in care are facing adoption apartheid

Continued from page 1  
black children were "very worrying".  
"This needs to be seriously explored. It would be very concerning if there was a sense of hopelessness around black children that a successful placement could be found, which resulted in professionals not being prepared to give it a try," he said.

Hugh Thornbury, head of children's services at the Action for Children charity and one of Britain's leading experts on race and adoption, said that some social workers may be hacking away from the challenge.

He said: "We know that it is harder to place ethnic minority children with adoptive families and there are several issues around that. One is that there

may well be a too much focus on finding an exact match.

"However, it could also be that in the social work profession there is an awareness that black children are more difficult to place so it is not being pursued as vigorously as it might be.

"The context is one of a general decline in the number of children being adopted, so if you think a child is going to be particularly hard to place, you can see how that could happen," he said.

Recent government guidelines make it clear that white couples should not be prevented from adopting ethnic minority children if they are prepared and capable. However, there is some doubt whether social workers will change their way of working.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.ota-republishing.com](http://www.ota-republishing.com)



## Adoption

# Pursuit of the perfect racial match can lead to heartache

## Britain's adoption crisis



Rosemary Bennett  
Social Affairs Correspondent

For those who seek to adopt a child from care, the experience is invariably demanding, protracted and emotional. When race is thrown into the mix, it becomes bewildering too.

Some experts believe that social workers have become so fixated with race and finding the perfect ethnic match that vulnerable young people face delays of months and years.

Suzanne George is at a loss to explain why it took so long for her to adopt her son, John, but suspects that

the quest for the "perfect match" may have had something to do with it.

A Londoner of Caribbean heritage, she always wanted a second child after she had her daughter 15 years ago. But when she divorced, and then reached her forties, it looked less likely that it was going to happen.

She heard about London Black Families, a specialist agency run by the charity Action for Children. The charity is called in by local authorities that struggle to find adoptive homes for ethnic minority children. It specifically seeks out prospective adopters who would make a close match to children seeking permanent new homes.

Yet despite the "fabulous" services of the agency, John's progress through the system was painfully slow. "At times it was almost unbearable to be within touching distance and then for it to slip away again," she recalled.

John first became known to social

services in November 2006 when he was aged two years and three months. After several attempts at family support failed, social workers were sufficiently concerned about his safety to take him into care in September 2007.

Having just turned 3, John should have been a priority for social workers, who are obliged to take a decision on whether children are suitable candidates for adoption within six months.

Yet the decision to decide whether or not to seek adoption for John was not taken for another nine months, in June 2008, during which time he lived with a foster carer. Ms George was soon an approved adopter and she was told about John in 2008, yet it was January 2009 before the legal steps were taken to enable him to be adopted.

Another painful delay of two months followed as she visited him regularly with his foster carer until it was decided that he was familiar enough with her to live with Ms George and her daughter. The final legal step was taken a year later, in March 2010.

"I am not sure what the delays are all about. I can see social services are stretched, but I think there may be a little bit of fear about whether they are going to find the right adoptive family if the child is black, so they delay taking the decision in the first place," she told *The Times*.

"Social workers should not worry so much about this. I can see the sense in black children not being adopted by white families. I believe it is important for children to look like their parents and uncles and cousins. John not only

comes from the Caribbean, like me, but from an island practically next door to mine. That's great, but it doesn't need to be like that, and I wonder if that has something to do with the delays. The black community is very close and very fluid. There is a lot of intermarriage between those from Africa and from the Caribbean. Social workers should not waste valuable months holding out for the perfect match."

John has thrived in her care, and Ms George, 46, has nothing but praise for the foster carer he was with. But she still sees signs of insecurity and anxiety.

"He is still a very anxious little boy. He needs a lot of reassurance. If I go anywhere he asks, 'Am I coming too?' and needs to be reassured that I am definitely coming back. It is not surprising after the changes he has endured."

Ms George's experience may have been frustrating, but for Francesca Polini and her husband, Rick, it was heartbreaking. They deliberately chose not to have children of their own, but instead to offer a home to a couple of children in care waiting to be adopted.

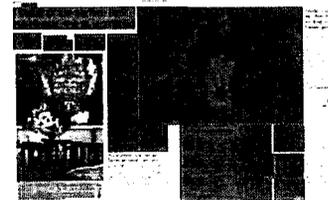
Mrs Polini was taken aback when social workers at Ealing council in West London, where she lives, told her that their services were not required.

"I was told over the phone, without even an interview or face-to-face meeting, that all the children in Ealing needing to be adopted were black or mixed-race and there was a cap on the number of white couples they wanted to approve, and that number had been reached," she told *The Times*.

"I was really shocked. It was made

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



clear we could not be considered for anyone other than a white child, and there was no suggestion that neighbouring local authorities may need white couples and I should go there instead. The social worker suggested we try for overseas adoption instead. Apparently it didn't matter about the child being from a different ethnic group as long as it came from abroad."

The couple did just that, and after an emotional rollercoaster ride became the first British couple to adopt from Mexico. Mrs Polini, 41, has written a book, *Mexican Takeaway*, about the experience. They have a daughter, Gaia, 3, and a son Luca, aged six months.

Although they are happy with their family, they still feel they had a lot to offer children in care in this country.

"It didn't hit me until after we had adopted Gaia how ridiculous it is to tell a couple they cannot adopt because they are white. With local authorities it seems to be colour first, and then what

religion you are, rather than whether you are ready and prepared to look after a child. The Government has made a start with new guidance but it remains to be seen whether local authorities will follow it. I think there won't be any significant progress unless they scrap the local authority-based system altogether and have one national agency in charge."

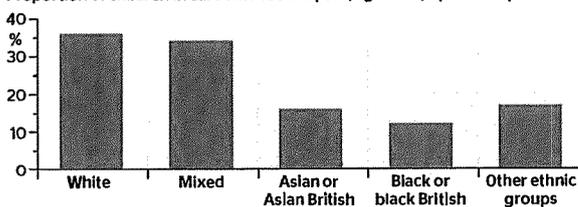
Leading article, page 2



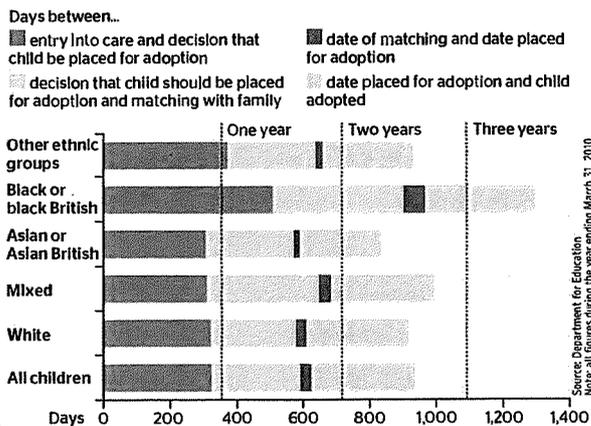
Suzanne George says time is wasted by holding out for the perfect match

**Race and adoption**

Proportion of children in care who are adopted, aged 0-4, by ethnicity



Average timescales between stages in the adoption process by ethnicity



Source: Department for Education  
Note: all figures during the year ending March 31, 2010

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)

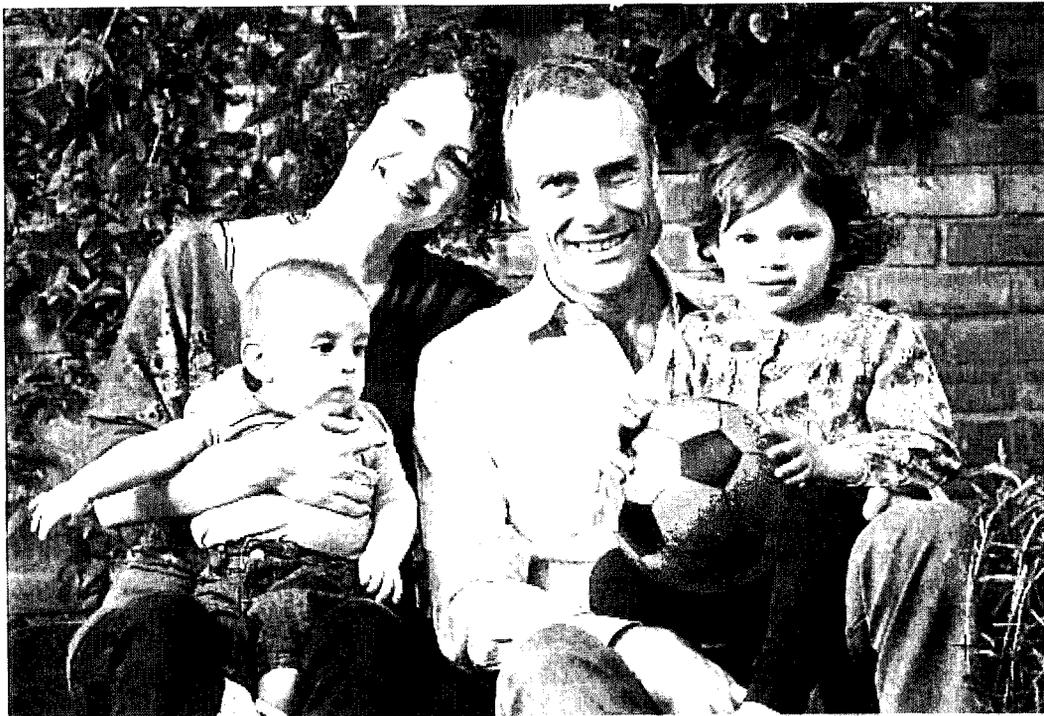


THE  TIMES

Date 19 April 2011

Page 14,15

clipShare  
newspaper licensing agency



Rick and Francesca Polini were left in turmoil after their council in London told them it could not offer them children to adopt as they were white. They have since adopted Luca and Gala, from Mexico

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla.republishing.com](http://www.nla.republishing.com)



## Stigma kept me silent for too long, says Labour peer

Anushka Asthana  
Chief Political Correspondent

Lord Adonis, the former Labour minister who was in care until the age of 16, has called for urgent action to tackle the sharp reduction in the number of children being placed for adoption.

Writing in *The Times* today, he argues that it is imperative that Britain recruit more foster and adoptive parents. He also claims that the social work profession is in semi-crisis, with alarming vacancy and turnover rates.

Lord Adonis, who is the director of the Institute for Government, says that he is speaking from personal experience. "I was in care until the age of 16 and in a Camden council children's home until the age of 11," he writes, describing how lucky he was to have a "remarkable" lady in charge of the home whom he called "auntie", and then a "brilliant" social worker.

He adds: "It wasn't much fun, and I wouldn't wish the State on any child in loco parentis, save in clear necessity."

The peer admits to not having talked until well into middle age about being in care when he was young because he "regarded it as a stigma". But he now believes that people with such experience have a duty to speak out and to lead. "Children's lives are literally at stake," he says.

Lord Adonis says that the top priority should be to recruit and motivate social workers. "Yet social work is in a state akin to inner-city comprehensive school teaching a decade ago: an undervalued profession in semi-crisis, with low self-esteem and alarming vacancy and turnover rates," he writes.

He dislikes what he regards as an over-emphasis on re-regulating social work, arguing that it means too little attention is given to recruitment. In

particular, Lord Adonis is critical of Professor Eileen Munro, who is carrying out a review on child protection, with the issue "barely mentioned".

The former minister says that the crisis needs to be tackled with urgency and fresh thinking. He suggests "GP-style social work practices" and an extension of the "Teach First model", which has been used to encourage top graduates to work in schools before moving into other professions. The scheme has been successful, with many staying in the education sector.

Turning to adoption and fostering, Lord Adonis says that the number of children placed for adoption fell sharply last year, while many are waiting longer before they are sent to loving families.

He suggests using state boarding schools to help to serve the needs of teenagers in care. "If councils can pay foster parents, why not boarding school fees?" he asks.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





The former MP Oona King with her husband, Tiberio, and children, Ella, 5, and Kaia, 3. She backed the Times campaign for changes to the adoption system, telling how she was challenged repeatedly on her ability to be a mother. Times2

# My battle to adopt the children I always wanted, by Oona King

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nia-republishing.com](http://www.nia-republishing.com)



THE TIMES

Date 20 April 2011

Page 3,4,5

clipShare  
newspaper licensing agency

# Adopting a new stance

The former MP Oona King joins The Times campaign for a radical overhaul of Britain's adoption process. Here she tells **Martin Barrow** of her ordeal and overleaf four adoptees reveal their experiences

Britain's  
adoption  
crisis



**O**

n the day *The Times* launches a major campaign demanding an overhaul of Britain's adoption process, one of the most forthright advocates for change is laid low with flu and a raging temperature. But it takes Oona King just a few moments to clear her head and launch into a fierce criticism of a system that, she says, is wrecking people's lives.

At her home in Mile End, East London, she recalls how her life — and those of friends — was turned inside out while social workers and a dysfunctional legal system decided whether they were capable of providing a loving home for children in desperate need. As the mother of two adopted children, with a third now being arranged, Baroness King of Bow has learnt the hard way about the failings

of Britain's adoption system.

She recalls with horror a meeting with the social worker who introduced her and her Italian husband to the case of baby Elia, who was a perfect match: of mixed race, like Oona, and with an Italian mother. "That social worker came and looked around the house and said 'We'll have to go to find three more families and then I'll come back...'"

That experience is far from unique. Oona knows a couple, a white Jewish woman and her partner from North Africa, who were given hope when social services received a baby whose mother was white and Jewish and whose father, though unknown, was believed to be North African. Yet the same social worker, acting on a hunch that the birth father may have been from Bangladesh, put the adoption on hold, ostensibly to identify other possible adoptive parents. Meanwhile, months pass, the baby forms a bond with foster parents, time is lost. "How can they [social services] think that is more important than placing a baby with a loving family," Oona asks. "I just don't get it. Social workers have it in their power to make lives happy. How much shopping

around do they have to do? Every week is adding time... very soon it is a year. There is a life hanging in the balance."

Through the adoption process, Oona was challenged repeatedly on her ability to be a mother and hold down a busy career. The cycle was broken when she was introduced by David Miliband (who has also adopted) to his social worker, who was more empathetic.

Oona's story is not untypical of many parents who turn to adoption. After suffering a miscarriage and going through repeated cycles of IVF, she found herself drained physical and emotionally. Her trauma was compounded by an election campaign in 2005, when she lost her Bethnal Green and Bow seat to George Galloway. It left her exhausted, her political career in tatters. Clearly, it was a turning point in her life, and Oona and Tiberio, her husband, made the first tentative steps towards adoption. Having travelled ▶

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)

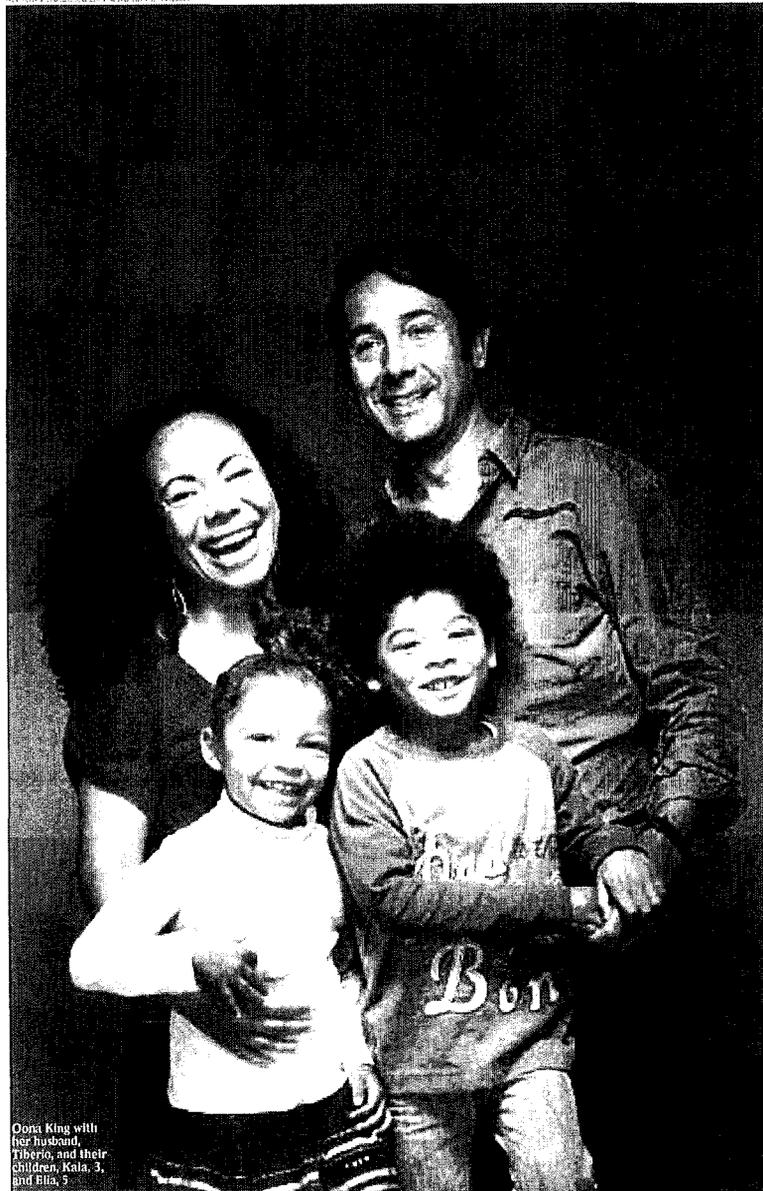


THE ~~NEW~~ TIMES

Date 20 April 2011

Page 3,4,5

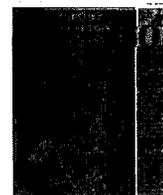
clipShare  
newspaper licensing agency



Oona King with her husband, Tiberio, and their children, Kala, 3, and Eli, 5

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



◀ widely in Africa through her work for new Labour, an overseas adoption held strong appeal. She has blamed the bureaucracy and the high cost for the decision ultimately to seek a family much closer to home, but she remains a strong defender of parents who do adopt from the poorest countries overseas.

"[On] the most recent visit I made to an orphanage in Congo, they had a new block. They said 'It's the mortuary; they are dying so quickly'. People say it is wrong to take children from Africa to a Western country. I say 'What's culture when you are six feet under?' British authorities could do much more to facilitate overseas adoptions, not least by cutting the vetting fees, which run into thousands of pounds but are not levied on couples adopting a child in Britain.

Oona is unequivocal about the issue of race and adoption, and cares deeply about the damage done to the youngest children left without permanent homes because of the colour of their skin. "My point would be that whenever a child is in care, of whatever race, if there is a suitable family, you place with a family of the same ethnic background. But if there isn't, you don't hesitate, for a minute — you just place the child."

**Y**et Oona accepts that if there is to be mixed-race adoption and the stark numbers of children of colour awaiting placement suggest there is no alternative, parents must be made more aware of the issues that arise when a child is brought up outside his or her community. When she has spoken out in favour of mixed-race adoption, her postbag has filled with complaints from people who lament the loss of identity and the confusion caused, unwittingly, by loving adoptive parents who were ill-prepared for the task.

As the daughter of a white Jewish mother and a black North America

father, Oona says she understands what it is like to have parents "who nobody thinks are your mum and dad". She describes her mother as "luminously white" and recalls how one six-year-old burst into tears when she spotted Oona's father — "a big black man" — waiting for her at the school gate.

I ask Oona how honest she will be when her children become inquisitive about their birth parents. Elia, 5, and Kaia, 3, were rescued from situations that can be described only as appalling. Both had (different) mothers who were drug addicts. "It is a difficult issue," she admits. They know they were adopted and are aware of their "tummy mummy", who was ill after taking "bad medicine", otherwise known as crack. Oona attempted to arrange a meeting with Elia's birth mother, but was dissuaded because of her high profile. Instead, she sent a reluctant Tiberio, a media executive.

"I insisted we meet the birth mother because ... she's a drug addict, she might be dead and then it will be too late." The meeting in Holloway Prison was harrowing but worthwhile. Tiberio spoke to her in Italian and got her to share at least part of her life story of abuse and neglect. The encounter helped to give shape to a story of Elia's birth mother that was more sympathetic, of a woman defeated by

“  
If there isn't a suitable couple from the same background, don't hesitate, just place the child

the circumstances into which she was born, incapable of caring for a child whom she loved deeply. It is a theme that runs through Oona's complaint about the provision for children in care

and the lack of an adequate support system for parents who are incapable, on their own, of raising a family. Her maiden speech in the House of Lords in January addressed the shortcomings in the provision for early intervention for families in crisis. Her instinct is that many delays in the legal process surrounding adoption arise from a perceived need to protect the interests of the birth parents, no matter how overwhelming the evidence of neglect and abuse might be. This has to be addressed urgently, she says, putting the child's interests to the fore. When a child is already in care, and it is obvious to all that the birth parents are incapable of being granted custody, it is unforgivable that the adoption process should take months, even years.

We can learn from the US model, she suggests, identifying those parents-to-be who, because of, say, drug addiction or a history of domestic violence, are incapable of raising a child, and putting arrangements in place before the baby is born, instead of waiting for the inevitable, calamitous events to unfold.

Oona also proposes that parents approved for adoption should be given the chance to seek custody of the child before foster parents are appointed. Both her children were in care at the age of ten days, but adoption was not completed until they were 13 months old. Clearly, she has a deep regret at being denied the chance to care for them soon after they were born, when the bonding process is so intense and joyful.

The quid pro quo for this more aggressive stance, she insists, must be greater support for birth parents who, almost certainly, were also the victims of abuse. "It is a double-whammy for them: they had nothing as kids, no support growing up, then the state comes and takes their kids. Some go on to have other children, who are also taken into care." The cost of early intervention, she says, is nothing compared with the eventual bill to taxpayers of picking up the pieces later in life.

And yet, despite the bureaucratic delays and the frustrations of dealing with intrusive social workers, the reality is that this adoption system that many consider unfit for purpose has delivered to Oona and Tiberio two beautiful and



well matched children of Italian heritage who bring unimaginable joy to the household. Now they have embarked on a search for a brother or sister for Elia and Kaia. Presumably, this time round they benefit from the knowledge and experience gained from the earlier adoptions. Oona takes a deep breath, and braces herself for the battle ahead.

"What I know is that it seems to get harder, which is utterly counterintuitive — it is like from the sublime to the ridiculous, the absurdity of it all."

## Lorraine Pascale, 38

TV baker and former model

I was adopted at 18 months into a lower middle-class white family from Oxfordshire. They already had one son Jason, who is three years older than me, and my mother would tell me that I came from "another mummy's tummy". People would say "Well it's obvious, isn't it, because you were a different colour?", but it wasn't really to me. At that age you don't think about colour in that way.

My adoptive parents used to live in the Caribbean because my father was a teacher in Jamaica, and my mother would stop and talk to every black person in the street, which was embarrassing. I do think it's very important to honour the child's culture, but when it comes to ethnicity, I don't think the Government has thought it through. Are they trying to match the same colour, the same race or the same country? It's all a little bit murky. Nothing is more important than having a secure base and people who love you.

After a year and a half my adoptive parents split up, and then a few years later, when I was seven, my mum got really ill and I was taken into care. Being in care isn't the best experience in the world. I always felt "what's going to happen next? How long am I going

to be here for?".

Luckily, I got a 100 per cent scholarship through the Buttle Trust, which is for children who have had difficult beginnings, to a boarding school in Devon. That was brilliant, as I had a bit of continuity for a change.

“  
Being in care isn't the best experience. I always felt, 'How long am I going to be here for?'"

As a child I was quite resilient, but it all came out in my teens. I never went off the rails. I just got married very young so I could be nice and secure. A couple of years later I had my daughter, Ella. Because she would be my first blood relative, I'd always imagined this amazing "adoption moment". It wasn't really like that, though, it was just wonderful having a beautiful baby.

My husband and I divorced after four years. Because of my own start in life, I've tried to make Ella's upbringing as stable as possible. She's 14 now, and her father is still very involved in her life.

I always had a lot of information about my birth family, because my adoptive mum had all the files. I know that I was born in London in 1973 to Caribbean parents, and that I have three brothers and a sister. I know their names and ages and where they're from, but we've never met. I've already got my family. I have many issues, but I'm one of the rare few who doesn't feel they have "a piece missing".

What I'm passionate about is kids coming out of care, which is why I'm working with a small charity, Tact. I'm giving cookery

courses where they can learn how to make cheap, nutritious dishes.

There's all this talk of how we should change the system, but the focus is on the wrong things. It's all very well going into a nice, well-off family, but if the parents don't have the skills to deal with the emotions of a child who may have been through terrible things, it doesn't matter how great, how old or what colour they are.

All adoptive parents should have really hardcore training. Knowing how to talk to adopted children, how to make them comfortable, that's the nub of the issue. Did I have that? No. I used to talk to myself, calm myself down — "everything is fine, everything is going to be all right".  
tactcare.org.uk

## Toby Anstis, 38

Radio presenter

I was adopted with my twin sister at eight weeks. Our birth mum had gone to Florence to learn Italian aged 16, had a relationship with an Italian student and returned to England pregnant. It was pretty traumatic and she never told our father.

After we were born she had us for seven days. She gave us names, bless her — Jeremiah and Jemima — then pushed us in a pram to the front door of the foster parents and left us.

Seven weeks later we were adopted, and our adoptive parents are fantastic. They're from Maidenhead, in Berkshire, and they already had my brother David, but couldn't have any more children. They always treated the three of us completely equally.

I can't remember being told we were adopted, we were simply always aware of it. Every May we used to have a celebration on Adoption Day, like a birthday party. Even though we had the best sort of adoption possible, I haven't found it easy. At school, kids would mutter the word "adoption". I was always a good talker, but it made me freeze. I was embarrassed.

When we were 25, Kate and I hired a

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



private investigator to find our mother. One day my sister called, five minutes before I was on air, to say "We've found her". I said "That's great babe, but I've got to introduce *Grange Hill*".

We arranged to meet her at Kate's flat in Windsor. I think every adopted person will agree that you build up a picture but, when she arrived, although she was lovely, she didn't look anything like us, which was frustrating. We grew up with a wonderful mum and dad but genetically and personality-wise we

were completely at odds, so we were hoping we'd see something in her.

We had a pub lunch but no one really knew what to say. She had two teenage kids who watched me on TV not knowing I was their half-brother.

The thing about adoption that follows you is a craving to belong. The sense of rejection is very powerful and I'm sure my career is connected to that. Having people tune in, respond to you and enjoy your show is brilliant.

That fear of rejection is always in the back of your mind. With girlfriends, a few times I've simply walked away if I've sensed any hurt coming, which is never brilliant.

I was harbouring a lot of anger over the years because I couldn't understand why our mother gave us up. It was only when I had counselling very recently that I started thinking from her perspective. I wrote her a letter explaining why I'd been out of touch for such a long time. It was one of the best things I've ever done and she wrote back an amazing letter.

Kate then tracked down our father in Italy through the web. Georgio was pretty shell-shocked because he and his wife didn't have any children and suddenly discovered us. We went to Florence to meet him. I look like him so I was really excited. He is a professor of politics and we are constantly meeting new members of the family.

We were lucky to have money for a private investigator but I think the Government should enable anybody who is adopted to trace their parents.  
**Listen to Toby on Heart FM  
Monday-Saturday  
9am-1pm**

## Li-Da Kruger, 37

Independent director

**M**y mother was killed by a rocket attack during the Cambodian civil war and my father, a soldier fighting against the Khmer Rouge, carried me on his back for six months, or so I have been told. He was retreating with his army and dropped me off at an orphanage. I never saw him again.

My adoptive mother [the chef and writer Prue Leith] had already given birth to my brother when she adopted me. My parents wanted an Asian child because my father [the late writer and historian Rayne Kruger] had seen so many children living in poverty on his travels during the war. I was actually first adopted from the orphanage by an American called Meyer Burstein and his English wife. He was working in Cambodia as an attaché to the US Embassy. I was airlifted from Cambodia on the last American helicopter to leave in 1975. Days later, Pol Pot's army marched in and the "killing fields" began. To this day, I don't know why I was chosen.

I was taken to England but Burstein's wife died two weeks after I arrived and he was then looking for someone to take me — perhaps he thought that I needed two parents. My parents heard about me and agreed that they would adopt. The authorities questioned Dad for a long time on whether he was too old and about his smoking habit. I've always felt guilty about the gap between what my life could have been if I'd survived in Cambodia and what it has been.

My brother and I are very close. We're

“  
I was on the

last US helicopter to leave. To this day I don't know why I was chosen

very different but in many ways we are like twins. I am five months older, I think, but I have no proof that I was born on the date on my adoption papers.

My mother says that there are things about me that definitely don't come from her: my personality traits — I'm much calmer than she is; I love chillis and spicy food; and I am happier in the Far East where the climate is hotter.

I was made to feel very normal when I was growing up and my difference was

celebrated, but I always wanted to go back to Cambodia to make sense of my past and to look for family. I went in 2001 and it was incredibly emotional. I wasn't really expecting to find that my mother was alive but I was hoping to find some trace of my family.

I found the man who had signed my exit papers. But I realised he must have signed the papers for 30 or 40 kids. Our stories were all so similar. He said that he could remember my mother and that she was beautiful, but he was just trying to be nice. I'd already heard the story that my mother had died in a rocket attack. I wasn't able to find any family but my search made me realise how many people are still looking, so many years later.

Two years after that I took my adoptive mother to Cambodia — she had long wanted to go. When we visited the rural villages near Angkor Wat and she was playing with the kids, I could see on her face that for the first time she could see where her baby came from.

I am going to adopt. I feel I owe a child a chance since I was given a chance myself. I had thought of adopting from Cambodia but the UK has stopped

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



UK-Cambodia adoptions because of well-founded fears of baby trafficking. The present system in this country, where people can be turned down as parents because they are the wrong colour, seems to me to be depriving a child of the chance to have a home.



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 20 April 2011

Page 3,4,5

clipShare  
newspaper licensing agency

## Caradoc King, 64

Literary agent

I was one year old when my mother gave me up for adoption. It was a private adoption organised through Barnardo's. I was handed over to a strict disciplinarian whose hair was pinned in double plaits over her head, and her husband, Eric, a dentist. They were a reclusive couple who lived in a big house on the Essex marshes.

Jill was already a natural mother of three girls, and at the time of my adoption pregnant with twins — a boy and a girl. She failed to carry the boy to full term, making me her first "son". Her own, much longed for, biological son would arrive several years later.

She was an experienced mother, in her early 30s, middle class. Barnardo's must have been delighted.

It was not until I was 15, after years of harsh punishments at home, followed by long spells being shunted around different boarding schools, that I discovered I was not her natural child.

She got my headmaster to tell me. Jill was difficult and troubled.

I remember being caught playing with matches when I was five: she pressed my hand on to the hot metal over the stove to teach me a lesson.

Riding my tricycle down the dangerous territory of the nearby road brought a beating with a dog stick.

I'm not a psychiatrist but I can imagine that being close to my natural mother for a year, and then to be put into the arms of a new mother, who like all new mothers really wanted to be loved, was tough. We had a

difficult relationship from the start.

When, aged 15, my headmaster broke the news, I was amazed. I had had no idea I was adopted. I felt anger that Jill hadn't told me herself, but I also felt relief that I was not her natural child.

By that time, Quentin, my young adoptive brother and the apple of her eye, had been born. I was entering tricky adolescence.

A year later my adopted parents removed me from school and ejected me

from the family.

"After long and painful thought we have decided that we can no longer accept you as part of the King family," Jill wrote in a letter later. I was "a degenerate boy from a bad family". I never saw them again. I went to live with Jill's sister, and worked hard to

gain a place at Oxford. My adoptive siblings followed their paths, and I followed mine. Only later in life did I find out from my adoptive siblings that they had been told never to mention my name. It was an extreme move, from which they said the family never really recovered.

It was not until more than 30 years later, during the breakdown of my first marriage, that I felt the strong desire to know more about myself. I had two grown-up children [I now have a third, India, eight]. Life had moved on, and I wished to know more about my origins. Then one of my adoptive sisters showed me a family album that triggered off a lot of memories. It was a rediscovery of a lost childhood. I started writing a journal, and soon realised I was writing



“  
She pressed  
my hand on  
to the hot  
metal over  
the stove to  
teach me a  
lesson

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE ~~NEW~~ TIMES

Date 20 April 2011

Page 3,4,5

clipShare  
newspaper licensing agency

a book. I met my natural mother once. Joan was by then elderly, in a care home. She was a teenager when she had me. If she knew who my father was, she wasn't saying.

It was a pleasure and relief to find out who I was, and to find out I came from another big, eccentric family. I was very glad she was my mother. Everything I have heard about her suggests that she was much loved.

I met my half brother the same day. He was in his late 60s, and the family had all the complications of their own lives. I remember he said to me at the time, I hope you are not looking for a new family. I wasn't. I was just very glad to have met him, and been in touch. We are now on perfectly good terms.

I have become closer to my half sister, who was the first link to the family.

I've never found out who my real father was. Jill's sister told me he was an opera singer — I quite like that idea — but it was less important to find him than my mother.

My childhood was not all unhappiness. But if I had known early on I was adopted I would have felt much happier and more fortified. It was more common in those days to be told later. I would certainly be in favour of more mixed-race adoptions, if it stops children from staying in institutions. But you have to do it with care. When you match people from different blood, you cannot tell whether they are going to get along, or how it is going to work out.

Interviews by Lucy Bannerman,  
Daisy Greenwell and Mary Bowers

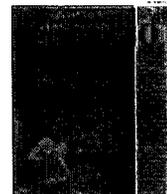
PH SOURCE: FOR THE TIMES



Caradoc King, who is chairman of literary agency AP Watt, has written *Problem Child* (Simon and Schuster, £16.99; ebook £10.49), an account of his upbringing

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 20 April 2011

Page 3,4,5

**clipShare**  
newspaper licensing agency



Lorraine Pascale was adopted as a baby but ended up back in care at the age of 7

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 20 April 2011

Page 3,4,5

clipShare  
newspaper licensing agency



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





**Li-Da Kruger at home  
in West London and,  
below, with her  
mother Prue Leith**

DAVID BEBER, PAUL ROGERS, KI PROKE, ALL FOR THE TIMES

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Forgotten no more: the case for adoption

- The 'golden option' for many children
- Failing system in need of overhaul

Rosemary Bennett  
Social Affairs Correspondent

A landmark report into the state of adoption services today recommends a complete overhaul of the "hopelessly slow" and failing system that leaves children languishing in care.

Among the radical reforms in a blueprint document by Martin Narey, the country's first "adoption czar", are: abused children taken out of their homes should live with prospective adoptive parents right away, rather than wait for years in care for their fate to be decided;

pregnant women or girls who are unlikely to be able to raise a child because of drug addiction or chaotic lives should be offered adoption as a "third option" to abortion or bringing the child up themselves;

members of the extended family should no longer be exhaustively assessed or automatically considered the best possible option for an abused or neglected child;

local authorities, who run adoption services, should be ranked each year on their performance to highlight the worst performers.

Mr Narey was commissioned by *The Times* in January, when he stood down as chief executive of Barnardo's, to study the reasons for falling numbers of adoptions and growing delays, and to examine why older children and those from black and other ethnic minority backgrounds were waiting longer at every stage of the process.

Today the former head of the Prison Service leads the drive to rescue thousands of children from a life of neglect and instability as this news-

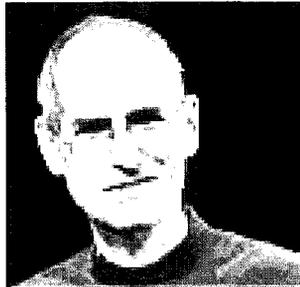
paper publishes his report in full.

Mr Narey calls adoption "the golden option" and the solution to numerous  
Continued on page 9, col 5

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





STEVE JOBS BILLIONAIRE COMPUTER GURU AND CHIEF EXECUTIVE OF APPLE



LORRAINE PASCALE FORMER MODEL AND HOST OF HIT TV BAKING SHOW



LYNDA BELLINGHAM ACTRESS, AUTHOR AND TV REGULAR ON LOOSE WOMEN



FATIMA WHITBREAD OLYMPIC GOLD MEDAL WINNER FOR JAVELIN



JOHN NETTLES ACTOR AND STAR OF BERGERAC AND MIDSOMER MURDERS



DEBBIE HARRY SINGER WITH THE US BAND BLONDIE AND ACTRESS



LORD MYNERS FORMER CITY CHIEF EXECUTIVE AND LABOUR CITY MINISTER



KATE ADIE AWARD-WINNING BBC TV AND RADIO NEWS CORRESPONDENT



GEORGE COLE VETERAN FILM AND TV ACTOR WHO STARRED IN MINDER

These men and women were all adopted. So why won't Britain make it easier for willing couples to care for needy children?

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Forgotten no more: putting the argument for adoption

Continued from page 1  
problems endured by some of the country's most vulnerable children.

This week he will be appointed the coalition's new ministerial adviser on adoption, giving his proposals a better chance of being implemented, meaning wholesale reforms to the adoption system would be on their way.

Although Mr Narey found pockets of imaginative and innovative practice during his research, where local authorities acted swiftly and with determination to maximise the number of children being adopted, he also found major obstacles. Among them were:

social workers and judges in a "hopelessly slow" system who failed to understand that under the law the rights of children always outweigh those of their parents;

a system where misunderstandings about decades of academic research on "attachment" between children and their mothers have turned professionals against adoption;

an ideological antipathy towards adoption among social workers, often based on misguided optimism that neglectful parents can change their ways if only they are given enough help.

Mr Narey voices deep frustration that dysfunctional parents are given too many chances to mend their ways, leaving children trapped in squalor and neglect for years. In turn, this makes it more difficult for a successful adoption to take place.

Research shows that three out of five children returned to their parents after time spent in care are abused or neglected again.

"Making the birth family successful should be our first option, and I am not arguing that mothers should not be given a second chance or even a third chance, just not a fourth, fifth or sixth," Mr Narey said.

He particularly champions "concurrent planning" where children who are removed from home live immediately

with prospective adopters rather than foster carers, even if in the end they return home in order to maximise stability.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# 'Adoption should be embraced. It is many children's best hope'

## Interview

Middle-class would-be adopters are being viewed with suspicion while young lives are ruined even before they reach the care system, Martin Narey tells Rosemary Bennett and David Taylor

After two decades of work in the criminal justice and prison system, Martin Narey was convinced being taken into care was the moment that it all went wrong for a child.

So many prisoners he met had spent time in care, it seemed to him that the split from the birth family was the single event that propelled a child into a life of crime and despair. It was 2006,

and Mr Narey had just started his new job as chief executive of Barnardo's, the children's charity with a long history in the care system.

There was plenty of support for his view at that time that the care system was a disaster — so much so that the Labour Government asked him to lead a working group on how to reduce the numbers of children in it. But in the course of the work, he was forced to admit that he had got it entirely wrong. It wasn't that care itself was the problem. It was the state that the children were in when they arrived in residential homes and foster families. Years of trying and failing to get their birth parents to mend their neglectful or abusive ways was the thing that was doing the damage.

My view in the summer of 2006 was how appalling care was and how it failed children and that a reduction

was incontrovertibly a good thing. Success was seen as eventually returning a child to their mother, even if they were flourishing in foster care. But the more people I spoke to, the more nervous I became about this. It was still some time before I appreciated that the reverse was true," he recalls.

His work at Barnardo's also led him to another new insight. Adoption had by far the best outcomes of any form of care, giving children stability and security. The outcomes for very young children were especially good. Why then were the numbers of children being adopted falling year after year?

"It really was a mystery. Here we have a solution to healing the lives of some of the most disadvantaged children in the UK. In any other area of social policy, with the evidence so persuasive, it would be vigorously pursued. Instead it is dealt with at best marginally," he said. "This is much less intractable than most of the problems in public services." After a life spent at the sharp end of public service himself, Mr Narey knows what he is talking

about. The son of a Labour councillor, he was brought up to believe that public service was "the proper thing to aspire to" although he said the move into prisons was "a complete accident".

Married with one young son and in a

challenging job in NHS management, he watched a ground-breaking documentary about Strangeways prison broadcast in 1981. "I was deeply shocked, fascinated and appalled. A few weeks later my wife passed me a newspaper ad inviting anyone who would like to be a prison governor to come and have a look inside a prison.

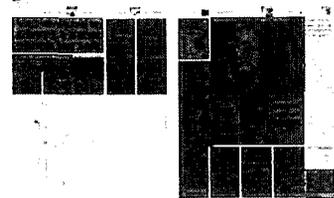
"I went to Lincoln prison on Christmas Eve 1981. It was appalling and disgusting. It stank of human waste, was hugely overcrowded with no one out of their cells. I left determined not to do anything else."

Over the course of the next 23 years he ran a hospital, served in the Home Office under Michael Howard, was Director-General of the Prison Service and then Chief Executive of the National Offender Management Service. While at the Home Office he was asked by Mr Howard to conduct a review into judicial delays. That led to the "Narey reforms" which reduced the average time it took to plead a case in the criminal courts from 90 to 70 days.

When asked by *The Times* to conduct a review of the adoption system, he approached it in the same way. "Michael Howard said 'just go and see what is going on'. I asked people and the ideas poured out. It was the same here." And after numerous conversa-

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nia-republishing.com](http://www.nia-republishing.com)



tions with professionals, researchers and families involved in adoption, he is convinced that there is a major problem, not just with the processes and mechanisms, but with attitudes.

"I am afraid some people just don't like adoption. They think it is social engineering, allowing middle class people to bring up working class children. Where there are successes, professionals are apologetic about it, like it is some sort of tragedy. There are also efforts to try and change adoption to keep up the contact with the birth family through letterbox contact. That is a sloppy compromise."

Mr Narey highlights three important further problems: "There is bad use of the research. There is the system itself — hopelessly slow — and there is some troubling confusion in both the legal system and among social workers about the Human Rights Act and how that affects the rights of parents and children."

That legal confusion will be Mr Narey's starting point when he is appointed Ministerial Adviser on Adoption this week. "On Day One I want to persuade Tim Loughton, Michael Gove and David Cameron to lay down the line that children's interests have primacy when it comes to intervention, to make clear that the Children's Act puts children first and the Human Rights Act does not undermine that," he said.

He also wants civil servants and local authority social workers to be ambitious, not just set out to have one or two more children adopted each year. "I believe we can double the number over the next two or three years. I really believe that is achievable."

His report contains 19 recommendations, ranging from performance league tables for local authorities to less emphasis on finding a member of the extended family to take on children removed from their parents — "often just another branch of the same dysfunctional family", according to Mr Narey.

Perhaps surprisingly, Mr Narey has not called for a revival of the targets that helped increase adoptions when Tony Blair introduced them. Nor does he want new legislation, for example, to prevent local authorities wasting time finding a perfect ethnic match. "Legislation means an 18-month delay. I would like to have a go myself, now, dealing with these things and seeing how far I can get. I think league tables,

which I call for, can go quite a long way in embarrassing the poor performers. But clearly if it doesn't work it will be something for ministers to think about."

One of the more controversial recommendations is that adoption be offered more routinely as an option to pregnant women who do not want their child. Mr Narey is pro-choice, but he was surprised to find during the course of the research that few of the services that help women with unwanted pregnancies suggest adoption.

And he is furious that when women, or more likely teenagers, who are likely to struggle considerably to bring up a child, make contact with health or social services, the first thing they are

told is "you'll make a great mum".

"For six months we are all over her telling her how well she is doing and then she is on her own. What we are doing is cowardly. Adoption should be a third option to abortion or keeping the child. It is an attitude that must be allowed to grow. In the US mothers who give up their children for adoption believe they are giving them a great start. Here it is viewed as a success if we talk them out of it."

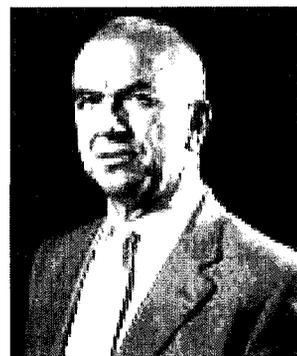
He has also been dismayed at how prospective adopters — the life-blood of the system — are viewed by professionals. "Instead of being given a genuine welcome, they seem to be seen as self-indulgent, viewed with suspicion and sometimes even resentment. Then at the end of the process, when they are taking a child with difficulties, they can't get any support."

He acknowledges that there are major financial constraints and post-adoptive services such as child psychologists do not come cheap. However, social impact bonds, which are being

piloted in prisoner rehabilitation, could be an answer. The upfront costs of, for example, six months with a child psychologist, are recouped years down the line with lower breakdown rates and better outcomes for the children.

"I don't want to be dismissive about the financial problems. But using an instrument such as a social impact bond would mean in a few years' time the cash will have been saved, and the voluntary sector which provides most of these services will be obliged to show what it is worth."

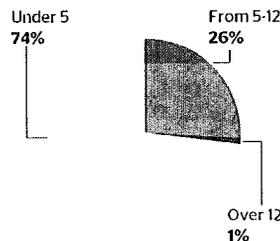
Leading article, page 2



Martin Narey: "Children come first"

## Proposals for change

Leaving care for adoption



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)

⊙ Ministers immediately to advise local authorities that a child's interests always take priority over their parents' in any decision about care

⊙ Ministers must make clear that care genuinely improves the lives of neglected and abused children

⊙ Evidence on the positive effects of care to be communicated to Family Court judges

⊙ Women with unwanted pregnancies should be given the "valid third option" of having the baby and giving it up for adoption

⊙ Local authorities should not waste time assessing friends and family of a vulnerable child when it is clear that adoption offers the greatest hope of a permanent home

⊙ Pre-family court proceedings must be shortened and duplication of reports into families stopped

⊙ League tables ranking councils by rate and speed of adoptions to be published

⊙ The success of early adoption, including low breakdown rates, should be pointed out to professionals

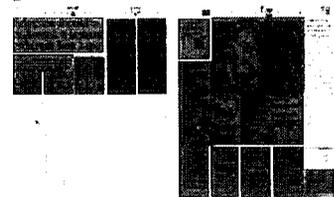
⊙ Government, private and voluntary sectors should consider the long-term savings made by investing in post-adoption services for older children, and consider social impact bonds to finance it

⊙ Ensure post-adoption support is not reduced because

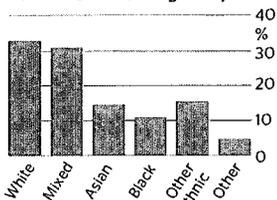


Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



**Children aged 0 to 4 who cease to be looked after through adoption\***



\*During year ending March 31, 2010

of tightening council budgets  
 ● More children should be looked after by their potential adoptive parents until their placement is finalised  
 ● Urgent review of financial arrangements for children placed under special guardianship (a legally binding long-term foster placement) to make sure there is

sufficient money in the home  
 ● Special guardianship orders should be analysed to assess how often they break down, in the same way that adoption placements are  
 ● Special guardianship orders should not be used when adoption is a better option  
 ● Ensure new guidance on ethnicity allowing white parents to adopt black and Asian children is being implemented  
 ● Publish ethnicity data on the number and speed of adoption placements  
 ● Adoption given great prominence in social worker training  
 ● Make better use of non-graduate but experienced staff in child protection work  
 ● Boost the role of social workers as the "unequivocal protector" of a child's interests



**How long does adoption take?**  
Statutory guidance

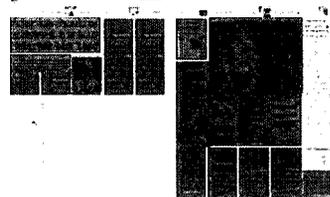
Adoption should happen within 12 months of the decision that a child should be adopted

Decision for a child to be adopted should be taken within six months of entering care

On average, over three years, children were placed for adoption after 20 months, but local authority figures range from 9 to 33 months



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.  
 For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 05 July 2011

Page 8,9

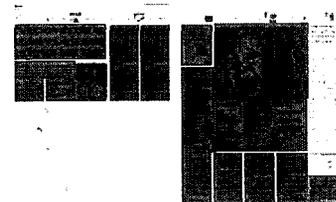
**clipShare**  
newspaper licensing agency

VICTOR/GETTY IMAGES



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Cameron seeks rapid and radical adoption reform

Prime Minister throws weight behind Times campaign

Rosemary Bennett  
Social Affairs Correspondent

Radical reform of the ailing adoption system will enable local authorities to be stripped of their duties if they fail to meet new standards, the Prime Minister has told *The Times*.

A Green Paper detailing new "floor standards", similar to those issued to schools for their exam results, will set out the minimum proportion of children that should be adopted from care each year. It will also impose time limits on the process.

Any council that consistently fails to meet the standards will be compelled to contract out its adoption service to a more successful local authority or a

charity, increasing its risk of suffering funding cuts and job losses. The failing councils will be "named and shamed" when data is published.

David Cameron set out his plans in an interview with *The Times*, which has been campaigning for reforms to the system, to mark the beginning of National Adoption Week. He commended the newspaper's "enormously persuasive" efforts to increase the number of adoptions from its present 10-year low, calling it a "spur to action".

"I see it as similar to Michael Gove's intolerance of education failure," he said. "We should be equally intolerant of social services failure in this area, even if it is for the best of motives."

He also applauded the work of Martin Narey, the former chief executive of Barnardo's, who wrote a landmark report on adoption for *The Times* in July. Many of the reforms that Mr Cameron proposes are recommendations made by Mr Narey, who has recently been appointed a ministerial adviser. Transparent data on the performance of local authorities will be published each year, the first real scrutiny that coun-

cils have faced in this area. Young children will be a particular focus. Only 60 babies under a year old were adopted in the year to March, down from 150 in 2007, despite solid evidence that the younger a child is adopted, the better the outcome. There are 3,660 babies under a year old in the care system.

An innovative programme that places babies removed from their families with prospective adopters rather than foster parents should also become the norm. The programme, known as concurrent planning to minimise disruption, should be considered in particular for babies whose siblings have already been removed and taken into care, or whose parents have addictions

Continued on page 7, col 4

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-1.e-publishing.com](http://www.nla-1.e-publishing.com)





Sarah Kitcher and her adopted twins, Bethany and Sarah Grace, six today. There is a great shortage of sibling adopters. Photograph: Richard Pohle for The Times

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Prime Minister demands rapid and radical reform

Continued from page 1

to drugs or alcohol. Reform of the family justice system, to cut the average wait for children to be adopted from two years and seven months, is also due later this week.

David Norgrove, the former chairman of the Pensions Regulator, is likely to recommend that care proceedings take a maximum of six months when he presents his review. Some can take as long as 14 months.

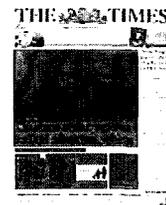
Mr Cameron said it was clear, from what he had heard from constituents who had tried to adopt and from what he had seen in the data, that the system was in crisis. "When you look at your own anecdotal evidence, what you have seen with your own eyes, this is an area that needs to be reformed and reformed rapidly," he said. "It does require an element of radicalism. We have to be a little bit less sensitive to some of the perceived problems."

He said that the reforms would come in two stages. "First, we set out clear information about different councils' performance — educational attainment of

children in care, placement stability, the proportion of children adopted, timeliness of adoption. Second, those who consistently fall below the floor are the ones where you say, 'I am sorry, but you are not running your services properly, children are not getting what they need and we are getting another organisation to run it for you'." Powers to remove particular duties from underperforming councils were already in place, he noted, and had been used to outsource education and children's social services. "This is simple local government reform and it doesn't need legislation. We will consult and explain the extent of our ambitions in the Green Paper and I recognise that it will mean difficult decisions in the future."

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



Adoption

# Too many children are being let down. Now is the time to act, says Cameron

Exclusive interview  
**Rosemary Bennett  
and David Taylor  
speak to the Prime  
Minister about  
Britain's  
adoption  
crisis**



**D**avid Cameron admits that it's been a challenging morning as he sinks into an armchair in his Downing Street office. "Samantha had to go off somewhere and I was in charge of the children," he says. "It was chaotic. Being a parent is bloody hard." He has been giving a lot of thought lately to the State's duty as parent to the 65,000 children who are in the care system because they have been abused or neglected by their families. "There is no greater responsibility than bringing up children, and no greater responsibility for the State than a child in care," he says. But he is

dissatisfied with what he has found, and in particular that so few children are finding new permanent families through adoption.

*The Times'* campaign to both boost the number of adoptions — from about 3,000 a year — and speed up the adoption process has Mr Cameron's firm backing. He has now promised that a Green Paper will be published shortly, setting out new minimum standards not just for the number of adoptions but for what happens to children in the care system.

What has spurred him into action? Constituents have told him of the lengthy and bureaucratic process they

have faced when trying to be approved as adoptive parents. "They don't expect it to be rushed, but I think there is a problem there," he says.

A second factor is his close friendship with Michael Gove, the Education Secretary, who was adopted as a baby and is passionate about the subject. Tim Loughton, the junior Education Minister, raised the issue frequently in opposition and in government has made it his priority.

"The third thing," Mr Cameron says, "is the figures speak volumes. There are over 60,000 children in care. I know one mustn't oversimplify things

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



and that many of those children are travelling through care and will go back to their parents, but there were only 3,000 adoptions last year, 20 per cent down on 2005 and we were not doing that well in 2005."

He is not the first Prime Minister to try to overhaul the system. Tony Blair tried to boost the number of adoptions by setting a target for local authorities to increase the number of children adopted each year by 50 per cent. There was a cash incentive for those who managed it. The numbers went up, but he was accused of skewing the system and the targets lapsed. The numbers soon fell back again. This Prime Minister says that he has learnt from the mistake made by Mr Blair and his penchant for targets.

"You do have to be careful. If you select one figure, one target, councils will aim to meet that. You'll find they are doing very well on, say, having babies under one adopted but then their fostering stops working.

"I see [the new policy] as a range of 'floor standards' including the educational attainment of children in care, placement stability, proportion of children adopted from care and the timeliness of adoption."

Where councils consistently fail to meet the standards, other local authorities or charities operating in the field will be invited in to take over. That

has worked well in the North London borough of Harrow, which voluntarily called in the Coram children's charity to join its adoption department. Harrow is now held up as the example for others to follow, increasing the numbers of children adopted and cutting the time it takes to place children with their new families.

Powers to strip councils of duties to run schools and children's services are already in place. What has been missing up to now is a clear indication of what failure looks like. The Green Paper will make clear what is expected in future. Mr Cameron intends each local authority's performance to be made public in annual league tables, bringing to bear the pressure of "naming and shaming".

"We need to publish the facts and figures," he says. "I know some people don't like league tables, but I don't care. Let's publish the data and let's compare performance. It's worked in education." He is anxious not to appear to have a simplistic view of a complex

problem, and it is not just local authorities and social workers that are in his sights. The courts are a further complication in adoption, with delays there meaning that the average time taken for a child to be adopted is two years and seven months.

The Norgrove review into family justice will be published later this week and Mr Cameron hopes that strong recommendations on the timing of care proceedings will be made.

"Figures for court cases are chilling," he says. "Some judges are looking for evidential standards that just don't exist. That is certainly the story I get anecdotally. The judge has a huge responsibility, but endless calls for more information and more reports to try and close off every avenue of concern means the longer children are left in care, the worse the outcomes get. I know it is a cliché, but don't let the best be the enemy of the good.

"There is an element of judgment

that is required. We've got to give people the sense of discretion and judgment, rather than thinking you can reduce to percentage zero any risk. You can't. If there is a need for legal reform beyond Norgrove, then we will do that."

On the thorny issue of race, he is determined to take a stand. "Why should a black child wait 1,300 days to be adopted and a white child 900 days, when 900 days is much too long? It is one of those areas where you need to take a strong stand. You can debate and discuss all difficulties endlessly, or take a clear view that if you can get children adopted into a warm and loving home relatively rapidly, the outcomes for those children will be better.

"So let's have that as one of our goals, a clear view, and not split the difference with everyone else involved. My clear view is there isn't enough adoption, it's happening too slowly and too many children are being let down."

Adoption reforms will be accompanied by a recruitment drive, urging the public to consider adopting or fostering. Mr Cameron realises that this may fall on deaf ears, with many prospective parents rightly saying that they have come forward before and been turned away or subjected to six months of intrusive questioning and assessing by social workers. He looks

despondent. "I've heard about the three-page pet [animal] assessment.

This is where we have a wider problem. It's not just in adoption. A culture of responsibility and judgment has been replaced with box-ticking and irresponsibility.

"A case came to my attention of someone who would make a brilliant parent who is adopting an Ethiopian child. It took a long time but she was happy to do it because she was so keen. The endless wait you face adopting from the care system in Britain, with no certainty that you will ever get there, is more than some people can bear, and so people are being lost to the system."

He is determined to change that. "It's not just me saying, 'Come on, British parents, come forward'. It's part of a package. We are rolling up our sleeves and doing something about it. So we are saying, 'Please come forward and we will make it different!'"

## Our campaign was inspired by your anger

### Behind the story

**I**n April *The Times* began a campaign to increase the number of adoptions of children in care and streamline the process to cut delays (Rosemary Bennett writes).

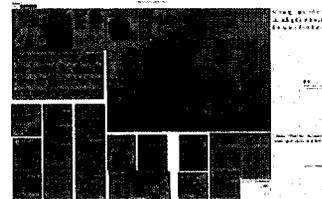
The campaign was largely in response to anger among readers,

who were alarmed at reports in this newspaper about the diminishing number of children being adopted, and the suspicious treatment of prospective adoptive parents by local authorities.

Readers felt particularly sorry for couples who were being rejected for adoption in England because they were white or "too middle-class".

To make informed and detailed recommendations on reform of the system, *The Times* commissioned a 20,000-word report by Martin Narey, formerly the head of Barnardo's and now the Government's adoption adviser. While at Barnardo's, Mr Narey had expressed concern that adoption had fallen out of fashion as

the best solution for children who



THE  TIMES

Date 31 October 2011

Page 6,7

clipShare  
newspaper licensing agency

were unable to live with the families they were born into. "The research shows that while care improves matters for children, adoption transforms their life chances and it needs to be given greater priority," he said.

His report made a series of recommendations on speeding up procedures; pursuing adoption for many more children as soon as possible when they come into the care system; and better treatment for couples who would like to adopt.

The Government has accepted many of these recommendations and pledged to overhaul the system in the way Mr Narey suggested.



Written off: the children lost to adoption charities

Lift ban on mixed-race adoptions, councils told

How The Times has reported on failures in the adoption process

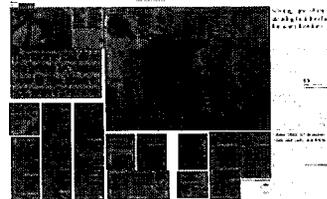
Adoptions czar to fight for rights of children

Children suffer as adoptions fall to new low



Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





TIMES PHOTOGRAPHER, PAUL ROGERS

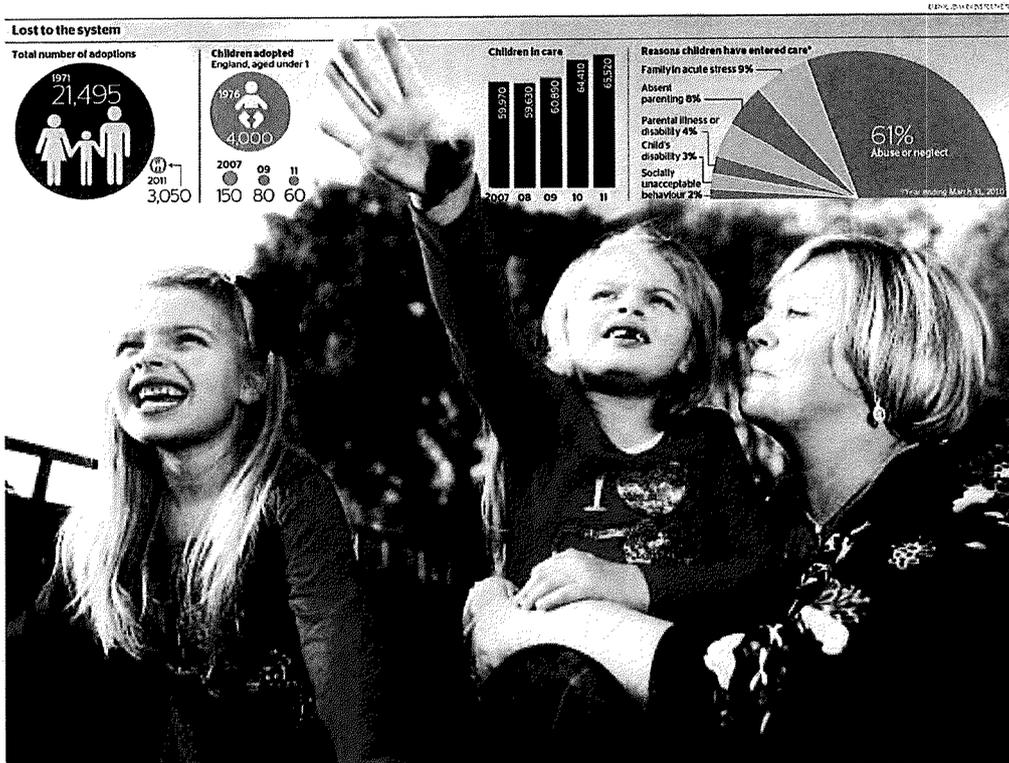
David Cameron wants to speed up the adoption process to encourage parents such as Sarah Kitcher, right with her adopted twin daughters, to come forward.

"The endless wait you face adopting from the care system in Britain, with no certainty that you will ever get there, is more than some people can bear," he says

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Revealed: conspiracy of silence on UK sex gangs

● Most convicted offenders of Pakistani heritage

● Pattern of abuse across North and Midlands

Andrew Norfolk

A culture of silence that has facilitated the sexual exploitation of hundreds of young British girls by criminal pimping gangs is exposed by *The Times* today.

For more than a decade, child protection experts have identified a repeated pattern of sex offending in towns and cities across northern England and the Midlands involving groups of older men who groom and abuse vulnerable girls aged 11 to 16 after befriending them on the street.

Most of the victims are white and most of the convicted offenders are of Pakistani heritage, unlike other known models of child-sex offending in Britain, including child abuse initiated by online grooming, in which the vast majority of perpetrators are white.

Northern police forces have investigated gangs of on-street predators for at least 14 years. In the most serious cases, children have been moved around the country in cars and used for sex by older men. This has led to abortions for girls as young as 12. In November, a court heard that when a South Yorkshire victim, aged 13, was examined by a nurse she appeared to have been raped more than 50 times.

Most forces, in common with charities and agencies working to help girls who have endured weeks and sometimes months and years of repeated sexual abuse, have denied publicly that ethnicity has any relevance to this pattern of on-street grooming.

*The Times* has identified 17 court prosecutions since 1997, 14 of them during the past three years, involving the on-street grooming of girls aged 11 to 16 by groups of men. The victims came from 13 towns and cities and in each case two or more men were

convicted of offences.

In total, 56 people, with an average age of 28, were found guilty of crimes including rape, child abduction, indecent assault and sex with a child. Three of the 56 were white, 53 were

Asian. Of those, 50 were Muslim and a majority were members of the British Pakistani community.

Several police sources have told *The Times* that those convicted represent only a small proportion of what one detective described as a "tidal wave" of offending that has been uncovered in Yorkshire, Lancashire, Greater Manchester and some Midlands counties.

A senior West Mercia detective has now called for an end to the "damaging taboo" surrounding gang-led on-street grooming, which he blames on a fear among police and child protection workers of being branded racist. Detective Chief Inspector Alan Edwards said: "These girls are being passed around and used as meat. To stop this type of crime you need to start talking about it, but everyone's been too scared to address the ethnicity factor. No one

wants to stand up and say that Pakistani guys in some parts of the country are recruiting young white girls and passing them around their relatives for sex, but we need to stop being worried about the racial complication."

Writing in *The Times* today, Mohammed Shafiq, chief executive of the Ramadhan Foundation, a national Muslim youth organisation, says: "These people think that white girls have fewer morals and are less valuable than our girls. This is a form of racism that is abhorrent and totally unacceptable in a society that prides itself on

equality and justice."

No research has been carried out into why such a high proportion of the offenders belong to one minority ethnicity and with the exception of one

Continued on page 7, col 4

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





CCTV images from Operation Retriever in Derbyshire. Girls were fed alcohol and drugs then used by older men for sex

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## Revealed: the conspiracy of silence over UK sex gangs

Continued from page 1

town there is scant evidence of work being undertaken in British Pakistani communities to confront the problem.

The *Times* has seen a briefing document by researchers at the UCL Jill Dando Institute of Security and Crime Science, which notes that victims are typically white girls aged 13 to 16 and that "most central offenders are Pakistani", warning that "race is a delicate issue" that needs to be "handled sensitively but not brushed under the carpet". The briefing document suggests that the offenders are not paedophiles; they target the girls "because of their malleability".

In the Netherlands many groomers are of Moroccan heritage and a Dutch Muslim organisation has led a project seeking to challenge a cultural mindset that leads some young men to view non-Muslim girls with contempt.

Mr Edwards' belief that similar work is needed in Britain is backed by another senior detective, who led a grooming investigation in West Yorkshire. Lack of public acknowledgement of the race factor in such cases has left a void exploited in some communities by the British National Party and other far-right groups.

In reality, such crimes are abhorred by the vast majority of Muslims. Though most of the girls targeted have been white, among the victims of a Pakistani gang in one city were several Bangladeshi Muslim girls.

The Child Exploitation and Online Protection Centre said last year that networks of "white British, British Asians and Kurdish asylum-seekers" had been "prominently identified" as internal sex traffickers of British girls.

"Kurds are identified as being dominant in the North East of England, but Anglo-Asian groups appear to be in control in the Midlands. There are ... suggestions that in London, West Indian (Caribbean) and Bangladeshi networks are similarly exploiting ... females for sex." With the exception of one case involving two white men in Blackburn, *The Times* has been unable to identify any court case in which two or more white British, Kurdish,

African-Caribbean or Bangladeshi men have been convicted of child-sex offences linked to on-street grooming.

The Home Office said last night that although child protection was "an absolute priority", it had no plans to commission research into the ethnic and cultural background of on-street groomers.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



Sexual grooming

# 'Some of these men have children the same age; they are bad apples'

The grooming of white girls by gangs of Pakistani heritage is one that few in the community will address, finds

Andrew Norfolk



The voices of three young Muslim men climb in anger. They want to share their revulsion for fellow members of their Pakistani community who took a group of impressionable British schoolgirls and turned them into a

collection of broken sex toys.

Their neighbours flirted with children as young as 12, offered rides in souped-up cars, flashed gold jewellery and promised love, then steadily fed the girls a diet of alcohol and drugs, eventually creating what they sought:

compliant human goods to be traded and abused by dozens of men. The groomers were men in their early twenties. Their customers were older relatives, friends or contacts. They travelled to the girls' home town to have sex with them or had their victims deliv-

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



ered by car to Pakistani communities in northern England and the Midlands.

In a room a few streets from the address where much of the abuse took place, the three men have agreed to speak on condition of anonymity. They are so scared of reprisals that their town must not be named.

"The younger ones speak fluent English and they know exactly what they're doing," said one. "They treat the girls all nice, buy them drinks, give them cannabis. They get them on drugs and mess them up bad. Some of the girls are from quite good homes but they're easily manipulated."

"Half of the guys having sex with them can't speak a word of English. They're old-school Asians or illegals working in restaurants. If a girl smiles, they think they're in heaven. They're all a bunch of dirty, filthy bastards."

The men explain that some of the grooming was initiated on the instructions of older relatives. Other young men were seeking kudos. Some clients were paying customers — perhaps £10 for sex with a 14-year-old white girl.

Others were being repaid a favour. "Our community is sick and tired of these people. Some of them are married, with children the same age as these girls. They don't deserve a place in society. Every community has its bad apples and these are ours."

One man confides that "a lot of people" knew of the abuse but that he and others were "too scared to do anything about it". He points to a widespread view that betraying members of one's own community to the police would be an even greater sin than child sexual exploitation. White girls are targeted by such men because "if they did it to a Muslim girl, they'd be shot".

"Anyone who's got any respect for their family would shoot them, but these girls were skiving off school, waiting to get picked up. I've seen footage on a guy's phone of a young girl in school uniform [performing a sex act on him] at the side of the road. English girls are easily abusable. A 13-year-old white girl thinks she knows it all, but in the real world she knows nothing."

The town could be almost anywhere in northern England with a sizeable South Asian community.

Criminal cases and targeted police operations since 1996 have revealed a disturbingly similar pattern of collective abuse involving hundreds of girls aged 11 to 16 in Leeds, Manchester,

Sheffield, Rotherham, Derby, Keighley, Skipton, Blackpool, Oldham, Blackburn, Rochdale, Preston and Burnley.

Further police investigations into child sex rings are under way in different parts of the country and one major case allegedly involving the internal sex trafficking of several British girls will go before the courts this year.

Girls who fall victim to this model of grooming, where initial contact is made in town centres, on street corners, outside school gates, inside shopping malls or at bus and rail stations, come from a wide social spectrum. Some were under the care of social services or from troubled family backgrounds; others came from professional middle-class families. All, because of their age, were extremely vulnerable.

Parents are often the first to seek help. Their daughters are out of control, running wild, going missing overnight or for days at a time. Some are so devoted to their groomers they cannot recognise that the relationship is one of exploitation and abuse, not love.

Other children who have tried to break free from the gangs controlling them have been beaten or faced threats of violence against them and their families.

In several cases, threats have been made to firebomb a girl's family home.

Hilary Wilmer is the chairwoman of trustees at Crop, the Coalition for the Removal of Pimping, a national voluntary organisation that has supported more than 400 families affected by child sexual exploitation. "Parents feel bewildered and helpless," she said. "They have watched their child being destroyed before their eyes

by perpetrators who have very sophisticated methods."

Few experts involved in child protection in northern towns are unaware that most cases of gang-led, on-street grooming that have come to light involve British Asian offenders and white girls. Yet almost no one will admit it.

Important work is being done by both voluntary and statutory organisations to protect and support vulnerable girls and their families, and also to prosecute known offenders. Yet *The Times* has been able to identify only one town in which preventive work has been targeted on changing attitudes in the minority community to which most of the on-street gang perpetrators belong.

Engage, a project in Blackburn, where in 2006 Police Superintendent

Neil Smith spoke of dozens of girls as young as 12 being groomed for sex by groups of men, noting that "the majority of cases" involved Asian males, has been widely praised for its pioneering work on child sexual exploitation.

Nick McPartlin, the project's manager, said that preventive work such as raising awareness in mosques has led to a dramatic change in the profile of local men prosecuted for on-street grooming. He gave figures from the past year, which suggested that 80 per cent of identified offenders were white, although those cases included victims

of all ages and both sexes and most prosecutions involved lone perpetrators.

Salim Mulla, chairman of the Lancashire Council of Mosques and a local councillor in Blackburn, said that his organisation had used its network of 103 mosques to spread a message of "respect for young women" across the Muslim community.

"We've done a lot of preventative work in mosques and madrassas and we're still keeping a close eye on things. We have regular meetings with the police and the local authority. It's a very worrying situation, it's something we take very seriously and I think we've made a real difference."

In other towns and cities, there are signs that the scale of the problem is becoming so grave that agencies are finally prepared to seek targeted help.

In November, nine men — seven of them of Pakistani heritage, one man with a Hindu name and one white man — were convicted of offences involving a child sex gang that groomed, assaulted and raped 27 girls in Derby, most of them aged 12 to 16. As some of the victims were under the care of social services, a serious case review was ordered by the Derby safeguarding children board.

Its published report urged wider consideration of "whether the ethnic background and culture of the perpetrators had any bearing on their decision to

take part in this activity". The board is to ask the Home Office to commission the first official research on the subject.

Detective Chief Inspector Alan Edwards, of West Mercia Police, who has had experience of investigating this type of criminality, has won EU funding to liaise with police officers in the Netherlands, where there have been numerous cases of young white Dutch girls being groomed for prostitution by Moroccan pimps, or "loverboys".

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



In 2005 and 2006, child protection experts from Barnardo's, the charity, took part in a tri-nation study of child sexual exploitation that included seminars in Utrecht. Presentations in Utrecht were made by the imam of an Eindhoven mosque and a women's group who spoke of the "double moral standards" of offenders who "guard the chastity of their sisters, but... use other girls for their loverboy practices".

Barnardo's, which runs 21 projects across Britain supporting victims of child sexual exploitation, many operating in the towns and cities of northern England, refused to speak about the ethnicity of on-street groomers. In a written statement, its chief executive, Martin Narey, said: "Anecdotal evidence suggests that trends relating to the predatory adults who sexually exploit young people may sometimes be linked with ethnic background. But they vary enormously throughout the

## 'The men held the young girls in extremely low esteem, as if this somehow justified the violation'

country and it would be wrong and dangerous for the media or others to generalise on the basis of one or two cases."

Fourteen years ago, Detective Chief Superintendent Max McLean, who has recently retired, led what seems likely to have been the first British police inquiry involving the grooming and sexual exploitation of white girls by a gang of British Pakistani men.

It began with a plea for help from a Leeds mother whose young daughter was leaving via her bedroom window whenever she was summoned by the beeping horn of a private-hire car that would stop outside their house in the early hours of the morning.

The investigation led to 23 arrests and the exposure of a sex-trafficking ring involving a network of private-hire taxi drivers and the sexual abuse of at least 20 girls. The victims had been groomed, held captive and some were

driven as far as Newcastle upon Tyne to be used for sex by older men.

In 1997, after the two ringleaders

were jailed for kidnap, rape and assault, Mr McLean warned that what police had uncovered was the tip of an iceberg. He alerted forces across England to the possibility that similar networks were operating in their communities.

Looking back now, his strongest memory is of the girls' extreme vulnerability and of the pleasure that their abusers so clearly took in exercising power and control over them. "The men held those young girls in extremely low esteem; they thought that this somehow justified the violation that was taking place. As the years have passed, the message should have gone out long ago that to ignore the scale and nature of this problem is to bury your head in the sand."

In any other type of child sex offence — online grooming, familial abuse, crimes against prepubescent children, against boys, or grooming by adults in a position of trust — the overwhelming majority of offenders are white men. More than 82 per cent of sex offenders in jail are white; less than 6 per cent are Asian, a statistic that sets in even starker relief the extent to which men of Pakistani origin dominate the list of those convicted of on-street child grooming offences involving gangs. Leading article, page 2

### Behind the story

**M**ore than 95 per cent of child sex offenders who used the internet to target victims are white men, a study by *The Times* has found.

Only five out of a random sample of 269 Crown Court cases of grooming involved Asian men. They were taken from prosecutions at 74 courts in England, Wales and Northern Ireland in the past decade. Offences included internet grooming with the intention of committing a sexual offence and cases where children — girls as well as some boys aged from 11 to 15 — were lured to encounters, abducted, indecently assaulted and repeatedly raped.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





A girl who was groomed by a sex gang is comforted by her mother. Some of the victims have been under the care of social services, others are from professional, middle-class families. All, because of their age, were extremely vulnerable

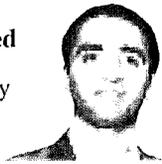
Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



## It is a crime Islam forbids, a crime against humanity

**Mohammed Shafiq**  
Commentary



**M**en who groom young teenagers to exploit them sexually are committing a crime against humanity, a crime that Islam totally forbids.

As the father of three young girls, I can only share the pain of the parents of white teenagers who have been exploited by Asian gangs in various locations across Britain.

When I first spoke publicly two years ago to condemn such activities, it was because I felt that someone needed to speak out from the Muslim community, to take a stance that would, I hoped, protect teenagers from suffering this heinous evil. Today it is someone else's daughter; tomorrow it could be yours or mine.

I knew then, as I do now, that speaking out would lead to accusations that I was doing the work of the British National Party and that I was making it all up. In 2008, I received verbal and physical abuse. I lost count of the number of times when people said that these were isolated cases. They accused me of bringing shame on our community.

Two years on, we now know that 53 men, mainly of Pakistani background, have been convicted of a series of terrible crimes against young girls. The majority of the victims are white. More people are starting to recognise this pattern and people have now approached me to apologise for their earlier accusations and criticism.

We need to establish why such men are mainly choosing to groom white teenagers and not Muslim girls. The simple answer is that these

people think that white girls have fewer morals and are less valuable than our girls. They also believe that by grooming white girls there will be no reprisal within their own community. This is a form of racism that is abhorrent and totally unacceptable in a society that prides itself on equality and justice.

To stop the British National Party from taking advantage of such crimes and using them for propaganda, we need to have an honest debate within our Asian communities about how we can bring an end to this terrible child sexual exploitation. We should also pay tribute to those girls and their families who have been brave enough to give evidence in criminal trials. There would have been no justice without their courage.

I would like to see imams and mosques addressing these crimes in their Friday sermons, explaining the Islamic ruling on such evil acts and stressing that an attack on a white girl is as forbidden as an attack on our own daughters and sisters. I know there are some imams who have done this with great bravery.

Schools and colleges must also talk with teenagers about the dangers of being involved in such crimes. This preventive work would take time but I am certain that it would lead to fewer girls being harmed. The police must also help community groups to reach out to young men before they become on-street groomers. They must be taught to value white teenagers as much as an Asian girl, a Muslim girl or a black girl. There is no difference.

I feel so sorry for these girls and the suffering that they have gone through. These criminals have destroyed promising young lives. We all need to work together to bring this crime into the open and, by doing so, bring it to an end.

*Mohammed Shafiq is chief executive of the Ramadhan Foundation*

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)

'Some of these boys have children the same age they are had apples'



## Sexual grooming Organised gangs, vulnerable girls: a pattern of exploitation unfolds

The Times identified 17 cases in which men groomed girls they met on the street. Most of the offenders were of Pakistani origin and most of the victims were white

### November 1997 Leeds

**Mohammed Naim Rashid, 21:** *kidnap, rape, indecent assault, actual bodily harm. Seven years. Abid Hussain Sadique, 21:* *kidnap, rape. Four years. Leeds Crown Court.*

☉ Police uncover ring of private-hire drivers grooming girls as young as 12, using them for sex in room above taxi

office and taking them to other towns. 23 arrests, 20 victims. Five charged.

### November 2003 & February 2005 Keighley

**Delwar Hussain, 24:** *two counts of indecent assault. 15 months. Shabir Ahmed, 32:* *indecent assault. 30*

*months. Bradford Crown Court.*

☉ Inquiry, codenamed Operation Parsonage, launched after complaints from parents and two secondary schools about ring of men grooming teenage girls for sex. Police interview 33 girls aged 13 to 17. Up to 50 men believed to be involved. Ten people charged with offences including rape. Only two men convicted. Hussain's victim was girl, 13. Ahmed plied 13-year-old girl with alcohol then indecently assaulted her on moorland.

### April 2006 Blackpool

**Puppy Parmar, 31,** *illegal Indian immigrant: rape. Seven years, three months. Sandeep Chauhan, 28,* *illegal Indian immigrant: rape. Six years, five months. Preston Crown Court.*

☉ Investigation into child exploitation launched after the disappearance of Charlene Downes, 14, from Blackpool. Case in April 2006 involved the gang rape of a girl, 16, who met four men in the centre of Blackpool. She and a friend went with them to an Indian restaurant where they were plied with alcohol then taken to an attic room. One was raped on a mattress by four men.

### June 2007 Oldham

**Shahzad Masoud, 33:** *abduction. One year. Mohammed Suleman, 39:* *abduction. One year. Manchester Crown Court.*

☉ Inquiry into grooming and abuse of 20 girls in Oldham. More than 20 men arrested, three charged with rape. The two convicted admitted abducting girl, 13, from outside her home. She was found wandering streets at 3am and refused to say what happened to her.

### August 2007

### Blackburn

**Zulfqar Hussain, 46:** *abduction, sexual activity with a child, supplying drugs. Five years, eight months. Qaiser*

**Naveed, 32:** *abduction, sexual activity with a child, supplying drugs. Five years, eight months. Preston Crown Court.*

☉ Inquiry into the grooming of girls as young as 12 by gangs of men expanded to include all child sexual exploitation. Case involved two men who plied two girls, both 14 and in the care of social services, with alcohol and drugs before having sex with them in a BMW car and a Blackburn flat. They were passed to brothers, uncles and older friends for sex. Hussain was later deported to Pakistan. Naveed won appeal to stay in England because deportation would breach his human rights.

### October 2007 & January 2008 Sheffield

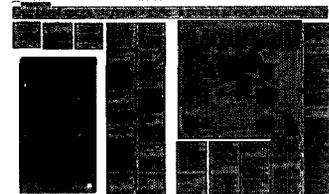
**Ayad Mahmood, 35,** *failed Iraqi asylum seeker: abduction, two counts of rape. Ten years. Aziz Sabir Hamed, 24,* *Iraqi Kurd: rape, attempted rape, sexual activity with a child. Ten years.*

*Sheffield Crown Court*

☉ UK Human Trafficking Centre began inquiry after social services identified girls missing from home. 33 victims aged 12 to 15. Five guilty of immigration offences and deported.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



Girl, 14, groomed then taken for a car ride with other girls and raped by Mahmood in hospital grounds. In 2008, Hamed lost appeal against earlier conviction for offences against girl, 15, who was plied with gifts and alcohol for sexual favours. Relationship was "exploitative, coercive and possessive".

### August 2008 Oldham

Shofiqul Islam, 21; abduction. 18 months. Shamim Ahmed, 21; abduction. 18 months. Minshull Street Crown Court, Manchester.  
 ● Men picked up runaway Oldham girl, 14, and drove her to secluded car park. They were caught by police having "liaison" with her.

### November 2008 Manchester

Mirza Baig, 35; sexual assault, making threats to kill; indeterminate sentence for public protection. Mohammed Ditta, 39; assault, sexual assault. Indeterminate sentence for public protection. Manchester Crown Court.  
 ● The men, both married with young children, targeted three vulnerable 15-year-old girls who were groomed with gifts including mobile phone credit and alcohol before being taken to a flat where they were drugged, stripped and sexually assaulted.

### November 2008 Blackburn

Ian Hindle, 32; sex with a child. Three years. Andrew Wells, 49; two counts of sexual activity with a child, one of sexual activity in presence of child. Two years, three months. Preston Crown Court.  
 ● The men, both members of British National Party, invited two girls, both 14, to a flat, where they plied them with alcohol before sexually abusing them.

### April 2009

## Blackburn

Imran Pervez, 27; abduction, rape. Nine years. Zaheer Khan, 24; abduction. 20 months. Preston Crown Court.

● The men befriended girl, 12, after meeting her and two friends, both 15, outside Blackburn cinema at midnight. All five went for six-hour car ride, then Pervez parked in a back alley and ordered 12-year-old to perform sex act.

## July & September 2009 Skipton

Mohammed Zackriya, 21; rape, five counts of sexual activity with a child. Eight years. Mohammed Taj, 37; three counts of sex with a child. Five years. Mohammed Shabir, 36,

a married father of five; three counts of sex with a child. Five years.

Shafaq Hussain, 21; six counts of sexual activity with a child. 18 months. Bradford Crown Court.

● The first three men were found guilty of 28 sexual offences against a girl from Skipton who was running wild and "craved attention". The trial heard that she was targeted then plied with drugs, alcohol and cigarettes before series of rapes and other sex acts were carried out when she was aged 14 and 15. Hussain was jailed for unrelated sex acts with same girl. A further three men were cleared of all charges.

## February 2010 Rochdale

Ajmal Afridi, 19; two rapes, sexual assault. Six years. Imtiaz Syed, 20; rape, sexual assault. Six years. Tayyub Hussain, 19; rape. Three years. Mustafa Arshad, 17; aiding and abetting sexual assault, taking indecent photographs. Eight months.

Mohammed Usman Raja, 20; perverting the course of justice. Six months. Bolton Crown Court.

● Girl, 16, agreed to go to house where she was given whisky and possibly

sleeping medication before being raped several times by three members of gang, two of whom "used a whisky bottle to further degrade her". Fourth man took pictures of the abuse. Victim later found wandering streets, dazed.

## June 2010 Nelson

Azeem Shah, 23; abduction. 12-month suspended sentence. Tabassum Shah, 24; abduction. 12-month suspended sentence. Burnley Crown Court.

● The men, cousins, picked up three girls aged 14 and 15 from a street in Nelson, near Burnley, gave them alcohol and drove them 20 miles to "a party" at a motorway service station Travelodge, where they had booked two rooms. Girls, who had first met the men a few nights earlier, were found at lam after hotel manager called police.

Court heard that the girls "complied" in the abduction and sexual behaviour.

## August 2010 Rochdale

Asad Yousaf Hassan, 28; two counts of sexual activity with a child. Two years. Mohammed Basharat, 28; sexual activity with a child. Two years. Mohammed Atif, 29; sexual activity with a child. Two years.

Aftab Khan, 31; controlling a child prostitute, sexual activity with a child. Seven years. Abid Khaliq, 30; perverting the course of justice. Eight months. Mohammed Anwar Safi, 31; paying for the sexual services of a child. 31 months. Ahmed Noorzai, 29; paying for the sexual services of a child. Four years. Mohammed Khan, 26; facilitating child prostitution. Four years. Najibullah Safi, 32; sexual activity with a child. Two years. Manchester Crown Court.

● Independent school pupil, 14, from Rochdale, went missing from home for several days on two occasions. She was

spotted in the town centre, groomed and fed a diet of alcohol and drugs before being forced to have sex with numerous Asian men in flats and to work on the streets as a prostitute.

She was finally found after she approached a couple in the street in Manchester and asked them for help.

## September 2010 Preston

**Mohammed Moosa, 24:** abduction, sexual activity with a child. Three years. **Faisal Ghani, 25:** abduction. 30-week suspended sentence. Preston Crown Court.

© Operation Deter, investigating child sexual exploitation involving girls and older men in Preston, handled 79 suspected cases between April and June last year. Moosa and Ghani groomed two girls aged 13 and 15 for several months after initially pulling up in car and befriending them. Took them for car rides and to rented flat used by different men with girls. One morning both girls collected and

driven around Preston, then to Blackpool Travelodge. The 13-year-old was barefoot and in pyjamas. Group drank wine, vodka, whisky and smoked cannabis before Moosa had sex with younger girl, later found partially clothed, wrapped in duvet, when police raided hotel after tracing text message. Older girl later converted to Islam in order to be "seen as pure".

## November 2010 Rotherham

**Razwan Razaq, 30:** two counts of sexual activity with a child. 11 years. **Umar Razaq, 24:** sexual activity with a child. Four and a half years. **Zafiran Ramzan, 21:** rape, two counts of sexual activity with a child. Nine years. **Mohsin Khan, 21:** sexual activity with a child. Four years. **Adil Hussain, 20:** sexual activity with a child. Four years. Sheffield Crown Court.

© Five "sexual predators" convicted of grooming three girls, two aged 13 and one 15, all under social services supervision, before using them for sex. Victims offered gifts, car rides, cigarettes, alcohol and cannabis. Sex took place in cars, bushes and play area of park. Khan, a mortgage adviser who drove a BMW and owned several properties, promised to treat a

13-year-old "like a princess". Umar Razaq pulled the hair of 13-year-old and called her a "white bitch" when she tried to reject his attempt to strip her. Eight men charged, three cleared of all charges. Victim, 13, said: "They used to tell me they loved me and at the time I believed them. I was a little girl."

## November 2010 Derby

**Abid Siddique, 27:** four rapes, aiding and abetting rape, two sexual assaults, three counts of sexual activity with a child, making child pornography, two counts of false imprisonment, perverting the course of justice. Awaiting sentence.

**Mohammed Liaqat, 28:** rape, aiding and abetting rape, two sexual assaults, four counts of sexual activity with a child, making child pornography, affray. Awaiting sentence. **Mohamed Imran Rehman, 26:** rape. Seven and a half years. **Faisal Mehmood, 24:** sexual activity with a child. Three years. (Deported to Pakistan).

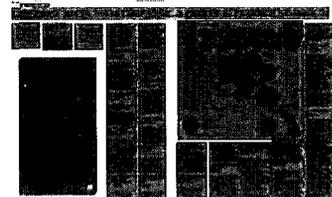
**Akshay Kumar, 38:** making child pornography. Two years, ten months. **Naweed Liaqat, 33:** perverting the course of justice. Eighteen months. **Farooq Ahmed, 29:** perverting the course of justice. Eighteen months.

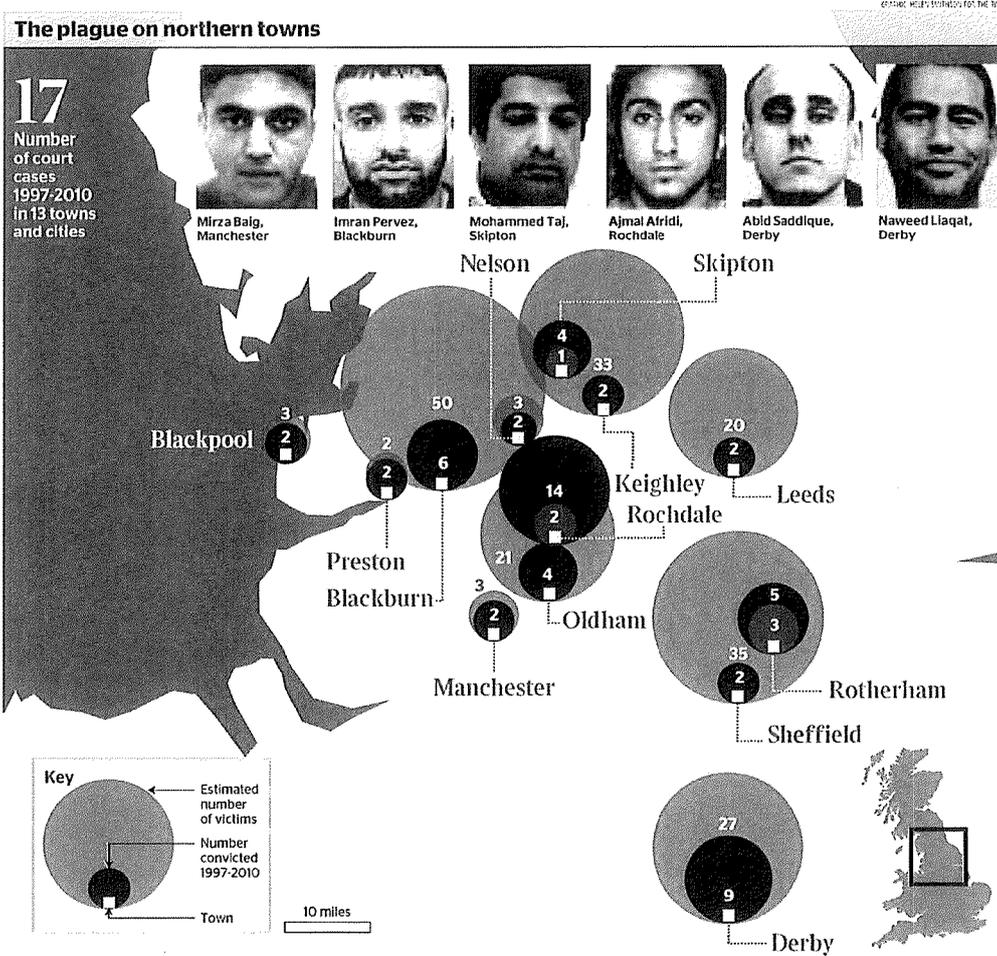
**Graham Blackham, 26:** two counts of breaching a sexual offences prevention order. Three years. **Ziafat Yasin, 31:** supplying cocaine. Three years. Nottingham Crown Court & Leicester Crown Court.

© Operation Retriever involved more than 100 police officers; 27 victims were identified: 22 white, three black and two Asian. Siddique and Liaqat cruised streets of Derby in BMW, stopping to befriend girls, most aged 12 to 16. Victims were targeted on streets, housing estates, at railway station and on their way home from school. Phone numbers exchanged, rides offered, meetings arranged, girls fed alcohol and drugs then taken to "parties" where they were used by older men for sex. Sex took place in parks, bushes, cars and houses. Abuse was filmed by men to share with friends. Thirteen charged, nine convicted.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

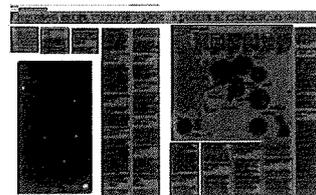
For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Israel's rain of fire on Gaza

- Phosphorus shells screen ground assault
- All munitions used are lawful, says army

Sheera Frenkel Jerusalem  
Michael Evans Defence Editor

Israel is believed to be using controversial white phosphorus shells to screen its assault on the heavily populated Gaza Strip yesterday. The weapon, used by British and US forces in Iraq, can cause horrific burns but is not illegal if used as a smokescreen.

As the Israeli army stormed to the edges of Gaza City and the Palestinian death toll topped 500, the tell-tale shells could be seen spreading tentacles of thick white smoke to cover the troops' advance. "These explosions are fantastic looking, and produce a great deal of smoke that blinds the enemy so that our forces can move in," said one Israeli security expert.

Burning blobs of phosphorus would cause severe injuries to anyone caught beneath them and force would-be snipers or operators of remote-controlled booby traps to take cover. Israel admitted using white phosphorus during its 2006 war with Lebanon.

The use of the weapon in the Gaza Strip, one of the world's most densely populated areas, is likely to ignite yet more controversy over Israel's offensive, in which more than 2,300 Palestinians have been wounded.

The Geneva Treaty of 1980 stipulates that white phosphorus should not be used as a weapon of war in civilian areas, but there is no blanket ban under international law on its use as a smokescreen or for illumination. However, Charles Heyman, a military expert and former major in the British Army, said: "If white phosphorus was deliberately fired at a crowd of people someone would end up in The Hague. White phosphorus is also a terror weapon. The descending blobs of phosphorus will burn when in contact with skin."

The Israeli military last night denied using phosphorus, but refused to say

what had been deployed. "Israel uses munitions that are allowed for under international law," said Captain Ishai David, spokesman for the Israel Defence Forces. "We are pressing ahead with the second stage of operations, entering troops in the Gaza Strip to seize areas from which rockets are being launched into Israel."

The civilian toll in the first 24 hours of the ground offensive -- launched after a week of bombardment from air, land and sea -- was at least 64 dead.

Among those killed were five members of a family who died when an Israeli tank shell hit their car and a paramedic who died when a tank blasted his ambulance. Doctors at Gaza City's main hospital said many women and children were among the dead and wounded.

The Israeli army also suffered its first fatality of the offensive when one of its soldiers was killed by mortar fire. More than 30 soldiers were wounded by mortars, mines and sniper fire.

Israel has brushed aside calls for a ceasefire to allow humanitarian aid into the besieged territory, where medical supplies are running short.

With increasingly angry anti-Israeli protests spreading around the world, Gordon Brown described the violence in Gaza as "a dangerous moment".

News, pages 4-7. Leading article, page 2

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE  TIMES

Date 05 January 2009

Page 1

clipShare  
newspaper licensing agency

PATRICK BAZ / AFP / GETTY IMAGES



The distinctively shaped plumes, indicative of the use of white phosphorus shells, over the Gaza Strip yesterday as protests at the Israeli offensive continued. Smokescreen shell that burns, page 4

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





## Clueless in Gaza

The absence of any leadership from the United States offered a diplomatic opportunity for the European Union in Gaza; it flunked the chance

The news of the Israeli invasion of Gaza comes, alas, as no surprise. The nominal ceasefire, which expired on December 19, was always less than scrupulously observed. Ehud Barak repeatedly said that it was unlikely to last. The request from Israel for Hamas to desist from rocket fire into Ashkelon and Sderot is a reasonable one. A response of some kind to the resumption of mortar fire was inevitable.

In the event, the Israeli army is now fighting Hamas in the attempt to split the strip into three sections. If successful, this would have the effect of cutting off the supply lines into Gaza City from the south. To add to the toll from the bombing, 30 Israeli troops have been injured, two of them seriously. Nineteen Palestinian fighters have been killed. The wonder is not, unfortunately, that this conflict has broken out. It is that the world has shown itself so poorly prepared for it.

The performance of the European Union (EU) has been especially lamentable. Here was an opportunity for the EU to take a diplomatic lead. The interregnum in the US, where the serving President is seeing out his time but his successor is still 15 days from inauguration, created a diplomatic vacuum. Hostilities in Gaza demanded a mature and united diplomatic response. But behind the

perfunctory call for a ceasefire issued on Saturday, what it saw instead was an unseemly squabble.

The Czechs, the leaders of the official EU diplomatic visit, opened the confusion by calling Israel's move "defensive", before rapidly withdrawing the remark. The Swedish Foreign Minister, Carl Bildt, a member of the EU mission, was less mealy-mouthed. He criticised Israel unequivocally for choosing to "dramatically escalate" the crisis. France, which is about to relinquish the EU presidency, called for a ceasefire as President Sarkozy prepared to depart for Jerusalem on the first stage of a personal diplomatic mission that will take in four countries over as many days. Meanwhile, his Foreign Minister, Bernard Kouchner, will remain with the bickering Czechs and Swedes in the EU mission. Gordon Brown called for an immediate ceasefire. The Dutch Prime Minister Jan Peter Balkenende said Israel

could not be condemned as long as Hamas was firing rockets.

There is nothing dishonourable in countries disagreeing over such a conflict. But these outbreaks of national candour do threaten to make a mockery of the EU mission that is on its way to Jerusalem to meet the Israeli President Shimon Peres and the Prime Minister Ehud Olmert.

From there, the EU team will proceed to Ramallah to meet the Palestinian President Mahmud Abbas, joined, for this meeting, by Mr Sarkozy.

The chances of success are not high and so the attention of the world will pass to Mr Obama, whose presidency will begin in a shadow cast by Gaza. In any conflict, of course, the protagonists hold the key to cessation. There can be no durable solution as long as Hamas refuses to recognise the right of Israel to exist. Though it is clear that the mortar attacks must stop, Israel might reflect on whether helping to relieve the manifest disaster of poverty and malnutrition in Palestine is not a quicker way to peaceful co-existence.

But other nations can help if they are now prepared to match words with deeds. Sonorous displays of outrage are all very well but what Gaza really needs is for the United Nations Security Council to agree with Israel a timetable for withdrawal. This should be done on the basis that UN monitors will be provided to ensure that the missiles abate and that replacement weapons are not smuggled across the borders. An accommodation in the region will be difficult, as it always is, but it is not impossible. It will, however, demand better leadership, from the protagonists and from everybody else, before this is remotely likely.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)

# Brown breaks with the US to call for an immediate ceasefire

Allies split as America insists that Hamas stop launching rockets, report **James Bone** and **Francis Elliott**

Gordon Brown called for an immediate ceasefire in Gaza yesterday after a rare split with America at the UN.

Hours after the US blocked a bid by Britain to make the UN Security Council issue a ceasefire call, Mr Brown told the BBC: "We need an immediate ceasefire. The blame game can continue afterwards, but this dangerous moment, I think, requires us to act."

The US insists that a ceasefire must be accompanied by assurances that Hamas will stop rocket attacks on Israel. The Vice-President, Dick Cheney, said yesterday: "We think, if there's to be a ceasefire, you can't simply go back to the status quo ante, what it was a few weeks ago, where you had a ceasefire recognised by one side but not adhered to by the other."

"It has to be a sustainable, durable proposition. And Hamas has to stop rocketing Israel. I don't think you're going to have a viable ceasefire until they're prepared to do that."

The diplomatic stand-off bought time for Israel, which is believed to be using controversial white phosphorus shells over civilian targets, to continue its operation in Gaza, with peace ef-

forts making no progress. President Peres of Israel told ABC that his country intended "neither to occupy Gaza nor to crush Hamas, but to crush terror. And Hamas needs a real and serious lesson. They are now getting it."

A delegation of Arab foreign ministers will hold talks today with members of the Security Council and the UN Secretary-General in New York. Mahmoud Abbas, President of the Palestinian Authority, is to address the Security Council tomorrow after meeting President Sarkozy of France today.

Libya has circulated a draft resolution that Arab nations want adopted at the Security Council. Negotiations are continuing and it faces resistance, from the US in particular.

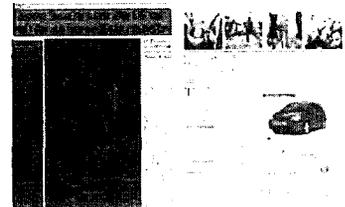
At a closed meeting on Saturday night Washington blocked any effort by the Security Council to call for an immediate ceasefire, saying that Israel's right to self-defence was non-negotiable. Libya wanted a formal statement repeating an earlier press statement by the president of the Security Council calling for an "immediate halt to all violence" and "all military

activities". Britain proposed another press statement calling for an immediate and permanent ceasefire and setting out criteria for a durable truce.

Mr Brown, speaking on the *Andrew Marr Show*, outlined a strategy to end the war yesterday, saying that a ceasefire should be accompanied by action to stem arms smuggling through tunnels under the Egyptian border and to reopen the crossings between Gaza and Israel: "I think the key is that the international powers are able to give guarantees about ending the tunnels, and that will require Egyptian action; about stopping the supply of arms, and that will require the Arab League to be united on that; and, about international monitoring of the crossings."

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



---

**White phosphorus: the smoke-screen chemical that can burn to the bone**

---

- White phosphorus bursts into a deep-yellow flame when it is exposed to oxygen, producing a thick white smoke
- It is used as a smokescreen or for incendiary devices, but can also be deployed as an anti-personnel flame compound capable of causing potentially fatal burns
- Phosphorus burns are almost always second or third-degree

- because the particles do not stop burning on contact with skin until they have entirely disappeared — it is not unknown for them to reach the bone
- Geneva conventions ban the use of phosphorus as an offensive weapon against civilians, but its use as a smokescreen is not prohibited by international law
  - Israel previously used white

- phosphorus during its war with Lebanon in 2006
- It has been used frequently by British and US forces in recent wars, notably during the invasion of Iraq in 2003. Its use was criticised widely
  - White phosphorus has the slang name "Willy Pete", which dates from the First World War. It was commonly used in the Vietnam era
- Source: Times archives

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.  
For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)





An Israeli soldier tends an injured comrade. One soldier has been killed and more than 30 have been wounded

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



# Elite Israeli forces cut region into three in drive to eliminate Hamas

James Hider Gaza border

Israeli tanks and infantry battalions swept up to the edges of Gaza City yesterday, battling Hamas fighters and sealing off the bomb-scarred capital city from the rest of the coastal territory.

With the civilian death toll rising by the hour and diplomatic efforts to halt the fighting making no headway, the head of the UN refugee agency called the situation a catastrophe. Israel made clear that it was not about to heed calls for a swift ceasefire. It insisted that it needed to smash Hamas and destroy its weapons stockpile to ensure a lasting peace not just for its citizens, who had endured years of Palestinian rocket fire, but also for the people of Gaza themselves.

Ehud Barak, the Defence Minister and architect of the assault on Gaza, said that the operation would be "expanded and intensified" as was necessary. "War is not a picnic," he said.

Hamas fired more rockets into southern Israel yesterday despite the army's advance. With armoured columns pressing in from three different points on the northern end of the strip and from the centre, the territory was cut into three sections.

Israeli forces pushed all the way to the seashore just south of Gaza. They secured the hilly area where the

Jewish settlement and Israeli army base of Netzarim once stood before the Gaza pullout ordered by Ariel Sharon, the former Israeli leader, who suffered a debilitating stroke exactly three years ago.

With the north sealed off and heavy fighting under way between Israeli and Hamas forces, more Israeli tanks moved into the southern area of the strip, cutting off Rafah and its key smuggling tunnels under the Egyptian border. The incursion stopped the trickle of aid trucks that had been making their way to Gaza's hospitals, depleted of medicines and fuel for their emergency generators.

"We have a catastrophe unfolding in Gaza for the civilian population," John Ging, the head of the UN refugee agency in the Gaza Strip, said. "They're in their houses, they're not safe, they're being killed and injured in very large numbers, and they have no end in sight."

Many people were fleeing their homes after tank shells hit residential buildings as fighting moved closer to Gaza City. There was nowhere to go, however, with Israeli forces blocking the road south and moving in from the north and east, and gunships lobbing shells from the Mediterranean.

With thousands of troops flooding in from the elite Golani Brigade, the Givati Brigade — which carried out thousands of operations in Gaza

before the 2005 disengagement — and the Engineering and Armoured

Corps, Israel said that stage two of Operation Cast Lead was a success.

"We know what we are doing," a soldier from the Golani Reconnaissance Unit told the *Jerusalem Post*. "Golani has been in Gaza before and we were successful. We expect the same results this time as well."

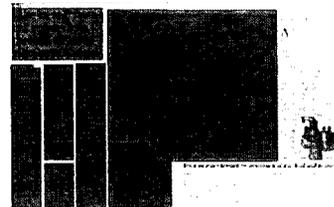
Israeli forces did lose one soldier to a mortar attack, which together with buried mines were the greatest threat to the troops, military officials said. About 30 Israeli soldiers were wounded in the first day of fighting. Israel said that it had killed three senior Hamas commanders, including Mohammed Shaltoh, head of Hamas special forces in Rafah, and others in charge of rocket-launching squads.

The Israeli ground forces, backed up by Merkava tanks and covered from the air by Cobra helicopters, are under the operational command of Brigadier-General Eyal Isenberg, head of the Gaza Division. They are charged with blowing up Hamas weapons stockpiles, killing or arresting Hamas members and destroying the tunnels that Hamas had dug beneath the battle space to enable them to outflank the better-equipped Israelis.

Hamas's armed wing, the Izz al-Din al-Qassam Brigades, are estimated to

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



number about 15,000 fighters. They are divided into small units of half a dozen men, each with a specific task or weapon — sniper, anti-tank rocket launcher, explosives expert, medic and commander. They operate through tunnels and wadis, or river beds, that criss-cross the undulating farmlands of the eastern strip, where many fields were on fire from artillery barrages.

Hamas is also wary of internal enemies. After forcing out its secular rivals Fatah in fighting 18 months ago, it is concerned that Fatah members, who complain of imprisonment and beating by the Islamists, could collaborate with the Israeli forces in identifying Hamas members. A Hamas spokesman accused Fatah of compiling intelligence dossiers to pass on to the Israelis, with whom the movement is in slow-moving peace talks.

Israel says that Hamas has been taught its guerrilla techniques by Hezbollah, the Lebanese militia that fought Israel to a standstill more than two years ago, and Iran, which is said to fund both movements. Hamas has warned that it will try to capture Israeli soldiers and yesterday claimed to have seized two, although Israel refused to confirm the reports.

While Israel has insisted that it does not intend to reoccupy the Gaza Strip and its 1.5 million impoverished inhabitants, it has said that the fighting in Gaza could be drawn out, possibly lasting weeks.

Ehud Olmert, the outgoing Israeli Prime Minister, told his Cabinet yesterday that the ground offensive — which carries a risk of heavy casualties on both sides — had been unavoidable. Israel's main aim is to end Hamas rocket fire but it also wants to deal a lasting blow to the Islamist movement, which refuses to recognise the Jewish state's right to exist.

Diplomatic efforts to secure a ceasefire have been rejected by both sides. "We shall not accept the idea that Hamas will continue to fire and we shall declare a ceasefire. It does not make any sense," Shimon Peres, Israel's largely ceremonial President, said.

Riyad Mansour, the Palestinian envoy to the United Nations, said that thousands more Palestinian civilians would be killed and injured if the Israeli assault was not stopped soon. "This is immoral, this is illegal, this is unacceptable, and the Security Council cannot continue to sit on its

hands," he said.

### Aims and objectives

#### Israel

Primary goal is to end eight years of Palestinian rocket fire into its southern towns and cities. Four Israeli civilians have been killed since the start of the latest round of fighting a week ago.

Israeli forces have targeted Hamas weapons dumps, rocket-launching teams and commanders, as well as peripheral targets such as university laboratories that are allegedly used to improve the rocket technology and mosques where Israel believes missiles are stored.

The Israelis also want to smash Hamas's infrastructure, breaking its military capacity and forcing it to sue for peace on Israel's terms. Some senior officials have said Israel wants to topple Hamas. Tel Aviv can claim victory if the rocket fire stops and it has a truce agreement in place that prevents Hamas from simply re-arming through the smuggling tunnels on the Egyptian border.

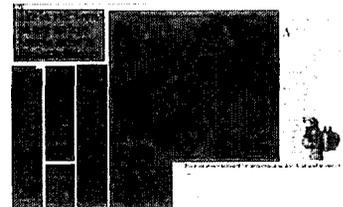
#### Hamas

Wants Israel to end its onslaught, open the borders it controls to allow deliveries of basic supplies and cease all incursions into the Gaza Strip. It will be able to claim victory merely by surviving, and if Israel fails to smash its military capacity.

It will be keen to prove that it has not been beaten, by continuing to lob its rockets across the border until Israel declares a truce that leaves Hamas unbroken, in power and claiming to be the real face of Palestinian resistance to Israel's occupation.

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)



THE ~~NEW~~ TIMES

Date 05 January 2009

Page 6,7

clip&share  
newspaper licensing agency



A Palestinian boy is carried into a hospital in Gaza during the onslaught

Copyright material. This may only be copied under the terms of a Newspaper Licensing Agency agreement or with written publisher permission.

For external republishing rights visit [www.nla-republishing.com](http://www.nla-republishing.com)

