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14 September 2011
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Exhibit: "RCD1"

IN THE MATTER OF THE LEVESON INQUIRY

WITNESS STATEMENT OF RICHARD CLIVE DESMOND

I, **RICHARD CLIVE DESMOND**, of The Northern & Shell Building, Number 10 Lower Thames Street, London, EC3R 6EN, **WILL SAY AS FOLLOWS:**

- A. I make this statement in response to a request of the Leveson Inquiry (the "Inquiry") pursuant to a letter dated 8 August 2011. A copy of this letter can be found at pages 1-4 of Exhibit "RCD1".
- B. I confirm that all matters in this statement are true and, unless I specify to the contrary, are based upon my own knowledge and a review of the relevant documents. Where matters are not within my own knowledge, I state the source and believe the same to be true.
- C. There is now produced and shown to me a paginated bundle of documents marked as Exhibit "RCD1". References to documents in this witness statement are references to documents in that exhibit.
- D. For convenience, I have reproduced as subheadings the questions asked of me in the 8 August letter.

E. Any comments made by me with respect to the Daily Express, the Sunday Express, the Daily Star and the Daily Star Sunday relate only from 22 November 2000 when my company acquired Express Newspapers.

Question 1: Who you are and a brief summary of your career history in the media.

1. I am the founder and owner of Northern & Shell plc, Britain's leading independent publishing and media company. I have been a media entrepreneur throughout my working life, having begun my career at the age of 16 in advertisement sales. In 1974, I founded Northern & Shell and launched its first magazine, International Musician & Recording World. Since then I have developed Northern & Shell into a diverse media group, which owns newspaper and magazine titles as well as Channel 5, the public service television broadcaster.
2. In 1993 we started OK! Magazine, which is today one of the most successful magazines in the world.
3. On 22 November 2000, we bought Express Newspapers, which published the Daily Express, The Sunday Express, The Daily Star and it also owned a share of The Irish Daily Star and a half share in West Ferry Printing. We launched the Daily Star Sunday 9 years ago.
4. In July 2010, we acquired Channel 5, the public service broadcaster.

Question 2: How the system of corporate governance is supposed to work at the Daily Express, Sunday Express, Daily Star and Daily Star Sunday, and Northern & Shell, of which you are a proper officer, with particular emphasis on systems to ensure lawful, professional and ethical conduct and by reference to any relevant documents.

5. As far as I am concerned, the Editor of a newspaper is the person that must have the proprietor's total trust and confidence in order to carry out his role. It is the Editor of a newspaper who sets the ethical and professional tone of each publication.

6. At Express Newspapers, Paul Ashford, the Group Editorial Director, also has some responsibility for the ethical and professional standards of the newspapers we publish. I presume that Mr Ashford talks to the Editors and the people below the Editors of all our titles. However, this is not something with which I get involved.
7. There have been a couple of occasions where I have been made aware of something that might give rise to an ethical or moral question where I might be consulted. For example, when we bought James Hewitt's book the then Editor of the Daily Express asked to see me. There was a piece in there about Prince Harry and inferences about James Hewitt being his father. I recall thinking that we were being set up and that our readers would not like this and even if it was true, which we did not know, it could have damaged the paper. The Editor decided not to run it, after discussing it with me.
8. I am aware that there is an Editors' Code of Practice but I cannot say that I have read it or know the ins and outs of it. I do not consider that this is something which I need to know.

Question 3: How you understand the system of corporate governance to work in practice at the Daily Express, Sunday Express, Daily Star and Daily Star Sunday, and Northern & Shell of which you are a proper officer with particular emphasis on systems to ensure lawful, professional and ethical conduct.

9. We have responsible people as Editors and they determine the tone of the papers, they decide the stories that go in the papers and leave the directors and the administration side of the company to look after the business issues.
10. When we first acquired Express Newspapers, I noticed that there was a really old culture with people working, for example, four day weeks and taking six weeks holidays. This was in stark contrast to the culture at Northern & Shell. From the beginning we knew that the only way to make Express Newspapers a profitable company basically was to have a fixed editorial budget and to have an advertising sales target.
11. I believe that the way in which we control the company's expenditure is one way to ensure the newspapers' lawful, professional and ethical conduct. The company

operates stringent costs management, which I believe helps us to ensure that the company's money is not used for any unlawful purpose.

12. Rob Sanderson, the Group Finance Director, controls the finances. He is a chartered accountant and has the responsibility of making sure that everything, in terms of the company's finances, is done correctly. He is a very strict financial controller. Martin Ellice is the Group Joint Managing Director, who controls costs and operations. Paul Ashford, the Group Editorial Director, is responsible for the creative functions of the Group. He has an editorial background spanning the past 30 years. This is his area which he runs within a budget.
13. Every Monday morning I meet with Messrs Ashford, Ellice and Sanderson and the other Directors, probably for about 3 hours, during which we mainly focus on financial matters. We also meet every Wednesday morning for at least an hour and a half. This meeting is just a catch up on the points discussed in Monday's meeting and then we have a marketing catch up with the Editors which is also about an hour and a half. Usually all of us attend that meeting, except for Rob. Lastly, we meet on a Friday with a financial controller and all the Editors. During that meeting we go through all aspects of the business such as our ratings, our competitors' ratings, and what shows or promotions are doing well and what are not.
14. The Friday meeting is a structured meeting during which we go through all the revenue and costs and we look at what we have sold, what the trend is, what promotions have worked well and what operations haven't worked well. We talk about competitors in great detail including their promotions, their advertising spend and their prices.
15. From time to time we will use these meetings to discuss editorial content. However, all editorial decision are left to the Editors. The best example I can recall is when Peter Hill was the editor of the Daily Express, he wanted ~~to~~ the newspaper to stop supporting the Labour party ^{A SACK} to go with the Conservative Party. I got on well with Tony Blair and I felt bad for letting him down. However, at the end of the day, it was the Editor's decision and the paper trusted his political allegiance.

16. Similarly, although I might make suggestions from time to time about editorial content, I do not tell the Editors what editorial must go in to the newspapers. It is their decision.

Question 4: What your role is in ensuring that the corporate governance documents referred to above and all relevant policies are adhered to in practice. If you do not consider yourself to have been/be responsible for this, please tell us who you consider to hold that responsibility.

Question 5: Whether the documents and policies referred to above are adhered to in practice to the best of your knowledge.

17. I do not consider myself to have a major role in ensuring that the relevant policies are adhered to in practice because I have a team of experienced Editors who I trust to ensure that the company's policies for lawful, professional and ethical conduct are adhered to. I might have conversations from time to time with the Editors or the lawyers about certain issues and I will give my opinions.

18. I do have a role in the corporate governance at board level and with regard to approval of expenditure (which I comment upon further below). For example, in January 2011, the board made the decision for Express Newspapers to withdraw from the PCC. I no longer saw the benefit of the PCC. On the occasions when we may do something wrong, the subject of the story will sue, and use a PCC adjudication to support his or her case. The McCann story (referred to below) is a good example of how the PCC failed to provide us with any guidance during that entire time.

Question 6: Whether these practices have changed, either recently as a result of the phone hacking media interest or prior to that point, and if so, what the reasons for the change were.

19. I am not aware of any practices having changed, either recently as a result of the phone hacking media interest or prior to that point.

Question 7: Where the responsibility for checking sources of information (including the method by which the information was obtained) lies: from reporter to news editor/showbiz editor/royal editor to editor, and how this is done in practice (with some representative examples to add clarity).

20. The responsibility for checking the sources of information lies with the Editors in consultation, if necessary, with the legal team. The Editors no doubt ensure that their reporters satisfy them of the sources. This is not something that I am involved in. I will only get involved where I can add value.

Question 8: To what extent board members are aware, and should be aware, of the sources of the information which make up the central stories featured in your newspapers each day (including the method by which the information was obtained).

21. The Board members are not aware of the sources of the information of central stories featured in the newspapers. I do not believe that it is necessary for the Directors to be aware of the sources of information for all of the central stories because we trust our Editors and their teams to carry out this role. There might however be occasions where the Editors wish to discuss certain stories with the Group Editorial Director before they are published.

Question 9: The extent to which you consider that ethics can and should play a role in the print media, and what you consider 'ethics' to mean in this context.

22. I think that we are in a business to give readers/viewers what they want to read and watch and as long as it is legal that is what we aim to do. We do not talk about ethics or morals because it is a very fine line and everybody's ethics are different. However, we do of course care about the title's reputation and so we would not run a story if we thought it would damage that or seriously affect someone's life.
23. For example, David Beckham is very wealthy and very high profile, he has done a great deal for football and is very good for his country. He puts a lot of his personal time into trying to make Britain a better place. I would not see the point in trying to damage his

reputation nor the ethical or business benefit by publishing a story to ruin him. Having said that, if for example he were to have an extra marital affair, we would report it.

Question 10: The extent to which you, as a proper officer of the company, feel or have felt any financial and/or commercial pressure from others, and if so from whom, and whether any such pressure affected any of the decisions you made as a proper officer of the company (such evidence to be limited to matters covered by the Terms of Reference).

24. I feel commercial and financial pressures every day trying to keep the company profitable. Those pressures do not however affect any of the decisions which I make as a Director of Express Newspapers as to the lawful manner in which the newspapers carry on their business.

Question 11: The extent to which you, as a proper officer, had a financial incentive for your newspapers to print exclusive stories (NB. It is not necessary to state your precise earnings).

25. The only financial incentive which I have for the newspapers to print exclusive stories is to make the company more profitable. However, I have never been offered a financial incentive to ensure that a exclusive story is published. As I have stated above, I do not tell the Editors what the newspapers should publish.

Question 12: Whether, to the best of your knowledge, your newspapers used, paid or had any connection with private investigators in order to source stories or information and/or paid or received payments in kind for such information from the police, public officials, mobile phone companies or others with access to the same: if so, please provide details of the numbers of occasions on which such investigators or other external providers of information were used and of the amounts paid to them (NB. You are not required to identify individuals, either within your newspapers or otherwise).

26. To the best of my knowledge, the newspapers have not used, paid or had any connection with private investigators in order to source stories or information and/or paid or received payments in kind for such information from the police, public officials, mobile

phone companies or others with access to the same. This is however subject to the following three caveats:

- a. I have recently found out that some reporters have instructed – and the company has paid – search agencies in order to quickly find out routine information about a potential source of information to enable the reporter to speak to that source, such as telephone numbers or addresses.
- b. When Madeline McCann disappeared, there was huge amount of public interest in what had happened to her. We decided to hire an ex-police chief constable to try to find Madeline and I would have known about that expense being incurred;
- c. The Company pays politicians from time to time to write columns for the newspapers.

Question 13: What your role was in instructing, paying or having any other contact with such private investigators and/or other external providers of information.

Question 14: If such investigators or other external providers of information were used, what policy/protocol, if any, was used to facilitate the use of such investigators or other external providers of information (for example, in relation to how they were identified, how they were chosen, how they were paid, their remit, how they were told to check sources, what methods they were told to or permitted to employ in order to obtain the information and so on).

Question 15: If there was such a policy/protocol, whether it was followed, and if not, what practice was followed in respect of all these matters.

Question 16: Whether there are any situations in which neither the existing protocol/policy nor the practice were followed and what precisely happened/failed to happen in those situations. What factors were in play in deciding to depart from the protocol or practice.

27. These questions are not relevant.

Question 17: The extent to which you are aware of protocols or policies operating at your newspaper in relation to expenses or remuneration paid to other external sources of information (whether actually commissioned by the newspapers owned by your company or not). There is no need for you to cover 'official' sources, such as the Press Association.

Question 18: The practice of your newspapers in relation to payment of expenses and/or remuneration paid to other external sources of information (whether actually commissioned by the Daily Express, Sunday Express, Daily Star and Daily Star Sunday or not). There is no need to cover 'official' sources such as the Press Association.

28. For convenience I answer these two questions together. The company's practice for payment of expenses is as follows. The Group Managing Editor initially signs off the expenses, which are then approved by Paul Ashford. Once a month, the expenses are considered by the board for approval at a meeting. I will do spot checks on sample expenses. I do these checks because, although I do trust my staff, I want to put a message out that there is an owner of the company and he wants to know where the company's money is being spent. The only authorized signatories are myself, Martin Ellice or Rob Sanderson. If any of us are not sure about a particular item of expenditure, we will query it.

29. If any of the journalists had tried to claim expenses which were out of the ordinary, I believe that either Martin Ellice, Rob Sanderson or I would have picked it up.

Question 19: In respect of editorial decisions the editor has made to publish stories, what system of oversight, if any, there is and examples of how that has worked in practice.

30. As I have stated above, I leave the final decision about publication of stories to the Editors. If the Editors have any doubt about whether or not to publish a story, they might discuss it with Paul Ashford or even me.

Question 20: Whether you, or the Daily Express, Sunday Express, Daily Star and Daily Star Sunday (to the best of your knowledge) ever used or commissioned anyone who used 'computer hacking' in order to source stories, or for any other reason.

31. Neither I nor, to the best of my knowledge, any of the newspapers have ever used or commissioned anyone to use 'computer-hacking' in order to source stories.

Question 21: Whether the company has conducted any inquiry into phone hacking or computer hacking or "blagging" or bribery or corruption and, if so, your role in the inquiry and the outcome.

32. Following the recent News of the World scandal, the company commenced an internal inquiry to find out if any of our reporters had carried out any phone hacking or corruption or used private investigators. This internal inquiry is being led by Nicole Patterson, Express Newspapers' head of legal. I refer to her witness statement in this regard.

STATEMENT OF TRUTH

I believe that the facts stated in this Witness Statement are true.

RICHARD CLIVE DESMOND

Dated: [19] September 2011

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