



TRIBUNALS OF INQUIRY (EVIDENCE) ACT 1921

Report of the Tribunal
appointed to inquire into
Allegations reflecting on the
Official Conduct
of Ministers of the Crown and
other Public Servants

*Presented by the Secretary of State for the Home Department to Parliament
by Command of His Majesty
January 1949*

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WHEREAS it has been resolved by both Houses of Parliament that it is expedient that a Tribunal be established for inquiring into a definite matter of urgent public importance, that is to say, whether there is any justification for allegations that payments, rewards or other considerations have been sought, offered, promised, made or received by or to Ministers of the Crown or other public servants in connection with licences or permissions required under any enactment, regulation or order or in connection with the withdrawal of any prosecution and, if so, in what circumstances the transactions took place and what persons were involved therein.

Now I, the Right Honourable James Chuter Ede, one of His Majesty's Principal Secretaries of State, do hereby appoint Sir George Justin Lynskey, one of His Majesty's Judges of the High Court of Justice, Godfrey Russell Vick, Esquire, and Gerald Ritchie Upjohn, Esquire, two of His Majesty's Counsel, to be a Tribunal for the purposes of the said Inquiry.

And I further appoint Sir George Justin Lynskey to be Chairman of the said Tribunal.

In virtue of Section 1 of the Tribunals of Inquiry (Evidence) Act, 1921, I hereby declare that that Act shall apply to the Tribunal and that the said Tribunal is constituted as a Tribunal within the meaning of the said Section of the said Act.

J. CHUTER EDE
*One of His Majesty's
Principal Secretaries of State*

WHITEHALL,
29th October, 1948

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OTHER MINISTERS AND PUBLIC SERVANTS.

So far as there are any allegations or suggestions in reference to the Right Honourable W. G. Glenvil Hall, M.P., Sir John Woods, K.C.B., M.V.O., the Right Honourable Sir Frank Soskice, K.C., M.P., the Right Honourable Hugh Dalton, M.P., Mr. Harold James Gray, Mr. James Richard Cross or Mr. Gerald Lionel Pearson, M.C., we are satisfied that there is no foundation for any such allegation or suggestion. We find that in the transactions which have been investigated before us no payment, reward or other consideration was sought, offered, promised, made or received in connection with any licence or permission or in connection with the withdrawal of any prosecution by or to any one of them.

335. The allegations which led to the appointment of this Tribunal were that large sums of money were being, or had been paid, to some Ministers and some public servants. These allegations in our view were largely the result of the statements and activities of Mr. Sydney Stanley. We are satisfied that for his own purposes he represented to various persons that upon payment by them to him of substantial sums he could secure licences for various purposes and also assistance from different Ministries, and in particular the Board of Trade, and that he was able to do this by paying part of the money received by him to the Minister and officials who would have to deal with these matters. Mr. Stanley is a man who will make any statement, whether true or untrue, if he thinks that it to his own advantage so to do. He was, however, able to give colour to his statements because Mr. Belcher, Mr. Gibson and Mr. Key received him on apparently friendly terms and it is not therefore surprising that rumours arose and that these baseless allegations of payments of large sums of money were made.

336. In the course of our Inquiry it was suggested to us that we might give some guidance to Ministers and officials who have to deal with applications from personal friends. We feel, however, that such a matter is not one which falls to be dealt with by us under the terms of our Appointment, and we express no views upon this matter.

337. We should like to thank the Attorney-General, Sir Hartley Shawcross, for the great assistance he gave to us in this Inquiry in testing the evidence before us and helping us in our endeavours to ascertain the truth. We should also like to thank those who appeared with the Attorney-General and all other members of the Bar who appeared before us and those instructing them for their help in the Inquiry.

338. Finally, we should like to express to the Treasury Solicitor and his staff, and to Superintendent Thorp and the Police, our appreciation of the efficient way in which they helped us and the work they did in collecting the evidence and making the many inquiries which we directed.

G. JUSTIN LYNKEY
G. RUSSELL VICK
GERALD R. UPJOHN

CHRISTOPHER HODSON *Secretary.*
21st January, 1949.

INQUIRY INTO ALLEGATIONS
REFLECTING ON THE OFFICIAL CONDUCT OF
MINISTERS OF THE CROWN AND OTHER
PUBLIC SERVANTS

Report of the Tribunal Appointed under
the Tribunals of Inquiry (Evidence)
Act 1921

*To the Right Honourable James Chuter Ede, M.P.,
His Majesty's Principal Secretary of State for the
Home Department*

1. We, George Justin Lynskey, one of His Majesty's Judges of the High Court of Justice, Godfrey Russell Vick and Gerald Ritchie Upjohn, two of His Majesty's Counsel, were appointed to be a Tribunal under the Tribunals of Inquiry (Evidence) Act 1921, (hereinafter called "the Act of 1921") for the purpose of inquiring whether there was any justification for allegations that payments, rewards or other considerations had been sought, offered, promised, made or received by or to Ministers of the Crown or other public servants in connection with licences or permissions required under any enactment, regulation or order or in connection with the withdrawal of any prosecution and, if so, under what circumstances the transactions took place, and what persons were involved therein.

2. In accordance with our Appointment we sat in public at the Royal Courts of Justice on the 1st November 1948 to discuss and decide questions of procedure, and at Church House, Westminster, on the 15th November 1948 and thereafter for a further twenty-five days between that date and the 21st December 1948 to hear evidence and arguments. Fifty-eight witnesses gave oral evidence before us and two gave evidence by affidavits owing to ill-health.

3. The first question we had to decide was one of procedure. A Tribunal appointed under the Act of 1921 is itself responsible for the collection of evidence, taking statements from witnesses, presenting their evidence, then testing its accuracy and finally finding the facts. In a simple case it might be convenient for the Tribunal itself to carry out these responsibilities, but where there are a number of transactions to be investigated it would not merely be inconvenient but physically impossible within a reasonable time for the Tribunal to undertake these tasks.

4. The services of the Treasury Solicitor, Sir Thomas Barnes, G.C.B., C.B.E., and his staff were placed at our disposal. We also had the assistance of Superintendent A. J. Thorp and other officers of the Metropolitan Police. The Treasury Solicitor with the assistance of the police interviewed all persons whom they thought might be able to give useful information to the Tribunal, and statements were taken from them. These statements were then placed before us, and we directed what further inquiries should be made, and eventually decided which witnesses should be called to give evidence before us.

5. The Treasury Solicitor, on our behalf, to assist us in the presentation of the evidence and the ascertainment of the facts, instructed the Attorney-General, the Right Hon. Sir Hartley Shawcross, K.C., M.P., Mr. Gilbert Paull, K.C., the Hon. H. L. Parker and Mr. Mark Littman (of counsel). Any witness called or to be called before us who appeared to us to have such an interest in the matters into which we were inquiring as to justify such representation we allowed to be represented by counsel and solicitor. Nineteen witnesses were so represented.

6. On the 15th November 1948 the Attorney-General opened the facts. Thereafter he or one of the counsel appearing with him called the witnesses and examined them in chief on the statements which they had made. Each witness was then cross-examined by the counsel who had examined him in chief. Counsel appearing for witnesses were then given the opportunity of cross-examining each witness. After this cross-examination if the witness giving evidence was represented by counsel, his counsel was then given the opportunity of examining him. In any event there was a final examination by one of the counsel representing the Tribunal.

7. We devised this procedure as being the most appropriate in the circumstances and it was outlined by the Attorney-General at our first meeting at Church House. We invited counsel who had at that time been instructed for witnesses and who were appearing before us to express their views upon this form of procedure, and it met with their approval. Our object in adopting this procedure was to obviate the difficulty which had arisen in the case of the Tribunal appointed to inquire into the Budget disclosure in 1936, when the Tribunal found they had to undertake the task of testing the witnesses' evidence by cross-examination or otherwise, and so give to the witnesses an appearance of hostility. (Command Paper 5184). We did, of course, where we thought it necessary, question the witnesses to clear up any matter which we thought required further elucidation.

8. Under the terms of our Appointment the questions we had to consider were:—

- (1) Whether there were allegations of the nature set out in our Appointment ;
- (2) Whether there was any justification in any particular transaction for such allegation ;
- (3) If we found there was some justification for such allegation, in what circumstances the transaction took place and what persons were involved therein.

9. In dealing with the first and second questions in order to ascertain what allegations were in fact made and whether there was any justification for the same, it was necessary for us to investigate a number of transactions and incidents. We will deal with such transactions and incidents in this report and will give our findings thereon.

10. With regard to the third question, in the case of any transaction in which we may come to the conclusion that there is no justification for any such allegation, we will restrict our findings to the facts which are necessary to make clear the reasons for our answers to the first two questions. Beyond this we do not think we are entitled to go under the terms of our Appointment in dealing with such transactions.

11. In an inquiry of this nature there is no issue between parties for the Tribunal to decide, and no defendant to be tried. The Tribunal is appointed to find the facts and give the answers to the questions submitted to it. As the first question asks what allegations have been made, all evidence

relating to the making of such allegations is relevant. The statements and evidence of all persons who have knowledge of the transactions concerned are equally relevant to the second question. As the Tribunal is not in a position to give an answer to the first two questions until it has heard the whole of the evidence and, therefore, may have to deal with the third question in relation to any transaction, evidence given by any person taking part in such transaction and statements made to or by him are also admissible as potentially such a person may be involved in the findings of the Tribunal in answering the third question.

12. Much of this evidence would not be admissible in the case of an individual witness in proceedings against him or in litigation in which he was concerned. In coming to a conclusion as to the conduct of any individual witness and in particular whether any allegation made in reference to him has been justified, we have had regard only to such evidence as would properly be admitted in a case in which he was a party and his conduct was in question.

13. Our inquiry primarily concerned allegations against Ministers of the Crown or other public servants, and unless we were satisfied that there was some justification for an allegation of the nature set out in our Appointment being made against one of such Ministers or public servants, we were not concerned to find the circumstances of any particular transaction or what other persons might be involved therein.

14. Some of the witnesses in the course of their evidence referred to other alleged transactions in which other persons were involved, and their names were mentioned. It was quite outside the terms of our Appointment to deal with such alleged transactions, and we make no findings thereon. No inference, therefore, ought to be drawn that such transactions took place as alleged, or that the persons named in the reference thereto had any part therein. Such persons should not be the subject of adverse comment.

15. In addition to the transactions in respect to which there was a suggestion that some allegations had been made at the time of our Appointment, we received a large number of letters, some of which were anonymous, in regard to a variety of other transactions. Many of these contained allegations which were not of the nature set out in our Appointment, and into which, therefore, we could not inquire. Letters which did contain allegations of a nature which came within the terms of our Appointment, by our direction were investigated by the Treasury Solicitor with the assistance of the police. The results of these investigations, together with any files relating to the particular matter were put before us for our consideration.

16. Where we found that there was clearly no ground for the allegation, the writer of the letter, unless anonymous, was informed by the Treasury Solicitor of the result of the inquiry, with the details of the transaction as discovered in the investigation. Where, as a result of the investigation we thought there was any suspicion that there might be some grounds for the allegation, we directed that the evidence should be called before us and the matter further investigated in public.

17. In three cases, as the result of investigations, we came to the conclusion that it was not in the interests of justice and might prejudice the persons concerned in their defence if there were at this stage a public investigation of the matter. We came to the conclusion that these three cases were matters for police action rather than for investigation by us, and we have left it to the police to take such action as they may be advised. None of these three

cases concerned any Minister, but one did concern certain officials in a Government department. We understand that the case in which these officials are concerned is being submitted to the Director of Public Prosecutions.

18. We will deal in our report in turn with each Minister or public servant concerned in any of the transactions which have been investigated before us, giving in each case our findings of fact, in relation to that transaction, and what part, if any, each played therein. We will also state in the case of each our conclusions upon the question whether any payments, rewards or other considerations have been sought, offered, promised, made or received by or to him in connection with licences or permission required under any enactment, regulation or order or in connection with the withdrawal of any prosecution.

19. We now propose in the following paragraphs to set out in detail our findings of fact, and our conclusions, upon which we are all agreed.

MR. JOHN BELCHER, M.P.

20. We first considered the allegations made against Mr. John Belcher. He was Parliamentary Secretary to the Board of Trade from January 1946 until he resigned during the course of our inquiry. He is a married man and lives with his wife and three children at 34, Sidney Road, Enfield, Middlesex. Mr. Belcher was educated at a London County Council school and in 1916 obtained a Junior County Scholarship to the Latymer Upper School at Hammersmith leaving school in 1921. In 1922 he began work with the Great Western Railway Company as a junior clerk and interested himself in the Trade Union movement. He continued as a railway clerk with the Great Western Railway Company until his election to Parliament in 1945. In the meantime in 1934 after a four years' course he took a diploma with a First Class Certificate in Economics at London University. During the war years Mr. Belcher was "on loan" from the railway company to the Ministry of Information. During this period he was lecturing and also engaged in administrative work.

21. Allegations are stated to have been made against Mr. Belcher arising out of his relationships with—

- (i) Mr. Leonard Joseph Matchan ;
- (ii) Mr. Robert William Liversidge ;
- (iii) Sir Maurice Bloch ; and
- (iv) Mr. Sydney Stanley.

(i) THE CASE OF MR. LEONARD JOSEPH MATCHAN

22. In the case of Mr. Matchan the suggestion is that Mr. Belcher was offered and received gifts and hospitality from Mr. Matchan as a consideration for showing favour to Mr. Matchan in respect of applications for licences to the Board of Trade on behalf of his company and representations he might have to make for the trade federation which he represented. Mr. Matchan is the Vice-President of Max Factor & Company and in charge of their British factory. He is also President of the Perfumery and Toilet Preparations Manufacturers' Federation. During the war he was a member of the Advisory Committee of the Board of Trade in relation to toilet preparations and before meeting Mr. Belcher had easy access to the President and the Parliamentary Secretary of the Board of Trade.

23. Mr. Matchan first met Mr. Belcher on the 4th or 5th February 1946 at a function in connection with the inauguration of an export bonus scheme for the toilet preparations industry. On that occasion Mr. Matchan gave a present of cosmetics to Mr. Belcher for Mrs. Belcher and also to Mr. Gerald Lionel Pearson for his wife. Mr. Pearson at that time was the private secretary to Mr. Belcher.

24. In April 1947 at Easter time Mr. Belcher went down to Bournemouth to speak to the employees of Max Factor's factory and to inspect the factory. The purpose of his visit was to assist in the export drive. He was offered by Mr. Matchan the opportunity of staying at Bournemouth over the Easter holidays and in fact stayed there with his wife and family in the suite of rooms permanently reserved by Max Factor & Company at the Burlington Hotel, but at Mr. Matchan's expense. Originally Mr. Matchan had asked Mr. Belcher to bring his wife with him, but Mr. Belcher explained that he could not do this as if they were both absent they had no-one to look after their three children. Mr. Matchan thereupon invited the whole family. At Mr. Belcher's house at Enfield the basement is let off to Mr. James Haworth, M.P., who has his meals with the Belcher family. Mr. Haworth arrived at Bournemouth with Mr. Belcher, intending to secure accommodation for himself at his own expense. Mr. Matchan, although he had never met Mr. Haworth before, invited him also as a guest to stay at the Burlington Hotel with the Belcher family and Mr. Haworth accepted this invitation.

25. At Christmas time in 1947 Mr. Matchan gave Mr. Belcher Christmas presents of a subscription to the Book Society of five guineas and of a turkey which Mr. Matchan had ordered and found he did not require. Mr. Matchan also gave to Mrs. Belcher two or three bottles of sherry and whisky at the same time. On the 18th January 1948 Mr. Matchan gave Mrs. Belcher a bottle of liqueur as a birthday present.

26. In May 1948 Mr. Belcher was ill and entered hospital where he remained two or three weeks. When he came out of hospital he was desirous of showing his appreciation of the kindness of the nurses to him by giving them some presents. He asked Mr. Matchan to let him have some cosmetics and Mr. Matchan gave some to him and so enabled him to give his presents to the nurses. On another occasion Mr. Matchan gave Mr. Belcher some cosmetics which the latter wanted in connection with a staff dance at the House of Commons. According to Mr. Matchan the total value of the cosmetics which he gave to Mr. and Mrs. Belcher was about £5 and we accept Mr. Matchan's evidence on this point.

27. After Mr. Belcher's illness in May 1948 Mr. Matchan suggested that Mr. Belcher should go for a holiday to Mr. Matchan's house at Bideford, but at that time this offer was not accepted. In July 1948 Mr. Matchan spoke to Mr. Belcher on the telephone and enquired if he was going to take a holiday this year and, upon Mr. Belcher's replying that he was, Mr. Matchan asked him where he was going, to which Mr. Belcher responded: "Well, what about the Bideford house which you mentioned before", and in reply Mr. Matchan offered to lend him his house which was then unoccupied. Mr. Belcher accepted this invitation and stayed there with his wife and family and Mr. Haworth, paying the household bills incurred.

28. Mr. Belcher agrees with the evidence of Mr. Matchan that he received these various gifts and hospitality, but each say that they were made and received as a result of the friendly relationship which existed between them and were neither made nor received with any intention on the part of either that they should influence Mr. Belcher's decisions in his ministerial capacity.

29. We have investigated the various applications to the Board of Trade which have been made by Mr. Matchan on behalf of his company and the various representations that have been made by him on behalf of the Federation. We have also had the advantage of hearing the present President of the Board of Trade (The Right Hon. Harold Wilson, M.P.) in relation to these matters. All the applications for licences made by Mr. Matchan, with the exception of one, went through the normal channels. The particular one which seems to have had the personal attention of Mr. Belcher was an application dated the 5th April 1948, on behalf of Max Factor & Company to the Raw Materials Department of the Board of Trade for approval of the export of 35 cwt. of Titanium Dioxide to France. Contrary views were expressed by permanent officials of equal rank in the department and it was open to Mr. Belcher on the information before him to accept either view, but his decision was that Mr. Matchan's application should be refused.

30. The other matter which was considered personally by Mr. Belcher was that of representations which were made to the Board of Trade by Mr. Matchan, in his position as President of the Federation, that control should not be removed from the cosmetic industry. Although others in the department took the view that control should not be removed Mr. Belcher strongly advocated that control should be removed. Mr. Belcher's view was over-ruled by Mr. Harold Wilson.

31. In the result it is clear that Mr. Belcher was not influenced favourably towards the applications or representations made by Mr. Matchan. It is natural, however, where one who has dealings with the Board of Trade offers open hospitality and makes gifts to the Parliamentary Secretary that suspicion is excited. Mr. Matchan agreed that it would be fair to suggest that it was of some importance to him and to the Federation to keep on friendly terms with Mr. Belcher, but denied that his gifts and hospitality were given for that purpose. In our view Mr. Matchan did make the gifts and offer the hospitality out of genuine friendship for Mr. Belcher. Mr. Matchan was interested in the Labour Movement and also in the development of the export trade and these had formed a strong link between them and resulted in their becoming good friends. We are satisfied in this case that the suggestions are groundless.

(ii) THE CASE OF MR. ROBERT WILLIAM LIVERSIDGE

32. The next allegations arise out of Mr. Belcher's relationship with Mr. Liversidge. The allegations here are somewhat vague but appear to suggest that Mr. Belcher, as a consideration for a promise of his assistance to obtain a grant of an export licence for paper cement bags, should receive a sum of money from Mr. Liversidge.

33. Mr. Liversidge is the general manager of a trading company known as the Allied General Trading Company. In addition he is associated with other companies and in particular with a company known as General Planning and Development (Holdings) Ltd. Mr. Liversidge first met Mr. Belcher in 1946 at a semi-public luncheon given by the Development Company. Mr. Belcher, as also Mrs. Belcher, became friendly with Mr. Liversidge and were entertained on some three or four occasions at Mr. Liversidge's flat. A few personal presents of small value were exchanged from time to time between them.

34. About March 1947 Mr. Edward Green, who is the managing director of a company called E. J. Bradstreet & Sons Ltd., received enquiries for the supply of twenty million paper cement bags to Belgium and France. At this time no licence or permission was required for the export of paper bags to either of these countries but licences were required for the export of bags lined with, or containing, jute. Mr. Green in error went to the department of the Board of Trade dealing with the licensing of jute bags for cement and was there told, according to his evidence, that he was unlikely to get a licence to export cement bags as he had not previously been engaged in that business.

35. In March or April 1947, it is not clear which, Mr. Green was staying at Brighton and there happened to meet Mr. Liversidge whom he had known previously. In the course of conversation Mr. Green mentioned his difficulties to Mr. Liversidge who promised to make enquiries and to help him to obtain a licence. After this conversation Mr. Liversidge gave a dinner party at his flat in Brompton Road, London. Some half a dozen guests were present including Mr. and Mrs. Belcher and Mr. and Mrs. Green. The evidence differs as to the date on which this dinner took place, but probably it was on the 17th April 1947. According to Mr. Green after dinner the company present were gathered together in the sitting room portion of the flat and there was general conversation. Mr. Liversidge and Mr. Belcher stood a little apart engaged in private conversation. Mr. Green says that Mr. Liversidge left Mr. Belcher and said to Mr. Green: "Can you arrange for your people to pay for the cement bags in dollars?" and Mr. Green replied "I think I can", whereupon Mr. Liversidge said "All right, you will get your licence". As a result of this conversation Mr. Green's impression was that Mr. Belcher had told Mr. Liversidge that if dollars could be paid Mr. Belcher would grant the licence. Mr. Liversidge denies that any such conversation took place on this occasion and Mr. Belcher has no recollection of cement bags or paper bags ever being mentioned to him by Mr. Liversidge.

36. According to Mr. Green the next day he gave instructions for a telegram to be sent to his correspondent in Brussels, enquiring if payment could be made in dollars and received the reply that this could be arranged. Mr. Green says that later he rang up Mr. Liversidge and told him that dollars could be paid, whereupon Mr. Liversidge told him that "they", meaning apparently the Board of Trade, "will not grant you a licence. It will have to go through me." Mr. Green asked him what he wanted and the reply was "Id. a bag". Mr. Green told him in language not too polite not to be foolish and replaced the receiver. The effect of Mr. Liversidge's demand if it was made and had been accepted would have been that he would receive a sum exceeding £83,000 as his remuneration for obtaining the licence facilities. Mr. Liversidge denies this conversation and says that all that he did was to offer to Mr. Green some bags in France whose existence he had discovered through Mr. William James Graham-Palmer, a senior executive officer in the Export Promotion Branch of the Board of Trade whose duty it was to give information of this character.

37. It appears to us that Mr. Green was obviously mistaken as to the date when he sent his telegram to Brussels. He could produce neither the carbon copy of this telegram nor the original of the reply and his dates could not be reconciled. We formed the view that Mr. Green, whilst giving his evidence honestly, was mistaken in his recollection.

38. The truth of the allegations against Mr. Belcher in this matter is entirely dependent upon Mr. Green's account of the conversation at the dinner and the impression which he says was thereby made upon him. There was no

suggestion of any conversation directly between Mr. Belcher and Mr. Green in reference to cement bags and indeed in Mr. Green's view Mr. Belcher could not overhear the conversation between him and Mr. Liversidge. Further, Mr. Green admits that he did not hear any of the conversation which passed between Mr. Belcher and Mr. Liversidge.

39. According to Mr. Liversidge a conversation did take place between him and Mr. Green as to whether the cement bags could be paid for in dollars, but he remembers this as a conversation on the telephone considerably after the date upon which the dinner took place. Mr. Green may have confused the occasion of the conversation and we think that he was mistaken in his recollection that the conversation took place at the dinner.

40. It is clear from the evidence of officials from the Board of Trade that no application was ever made for any licence to export these bags. There is no evidence of any action on Mr. Belcher's part in connection with the matter, or of any money or other consideration having been given or promised by Mr. Liversidge to Mr. Belcher. We are satisfied that so far as this matter is concerned there is no justification whatever for the somewhat vague allegations which have been made in relation to Mr. Belcher.

(iii) THE CASE OF SIR MAURICE BLOCH

41. The next allegations against Mr. Belcher arise out of the association between him and Sir Maurice Bloch. Sir Maurice Bloch is the managing director of Bloch Bros. (Distillers), Ltd., of Glasgow. He is also a Justice of the Peace. Bloch Bros. (Distillers), Ltd., are, as their name implies, distillers of whisky.

42. Sherry casks are valuable to distillers for the storage and maturing of whisky. From 1946 onwards Sir Maurice Bloch endeavoured to obtain from the Board of Trade facilities for the importation of these casks from the United States of America. On the 16th January 1946 he applied for permission to import some 500 sherry butts from America and this application was refused. In February 1947 the Treasury made an allocation of dollars for the use of those persons licensed by the Board of Trade to import sherry casks. Sir Maurice Bloch's company, as a result of this, was granted licences on the 1st May 1947, the 3rd September 1947, and the 2nd December 1947.

43. Mr. Belcher first met Sir Maurice Bloch at a public dinner at Grosvenor House, Park Lane, London, at the end of June 1947. Mr. Belcher sat next to Sir Maurice Bloch's niece and not far from Sir Maurice. Sir Maurice Bloch had brought with him a bottle of sherry for his own consumption and offered some to Mr. Belcher and as a result a conversation about wines took place. Mr. Belcher told Sir Maurice that because of some intestinal trouble sherry was the only drink that he could take without discomfort. On the day after the dinner, Sir Maurice instructed his company to despatch to Mr. Belcher six bottles of sherry in two parcels addressed to him at the Board of Trade. Sir Maurice on the 8th July 1947 wrote a letter informing Mr. Belcher of this despatch, stating, "If you will let me know whether further supplies should be sent to the same address or otherwise, I shall be glad to forward further quantities." On the 10th July 1947 Mr. Belcher replied, acknowledging the receipt of the six bottles and stating, "As to your suggestion that you should send further quantities, this would be most welcome, but I cannot possibly trespass upon your hospitality to such an extent. If, however, you will allow me to defray the cost, I would then be delighted to accept."

44. Further letters passed, and on the 22nd September 1947 Sir Maurice entertained Mr. Belcher to lunch at Grosvenor House. At this meeting the question in relation to payment for further supplies was raised by Mr. Belcher but not pursued by him. On the 2nd October 1947 a further case of wine was sent to Mr. Belcher by Sir Maurice Bloch, consisting of twelve bottles of sherry. According to Mr. Belcher's diary and the evidence of Mr. Cross who was then his private secretary, Sir Maurice met Mr. Belcher again in London at Grosvenor House on the 20th January 1948 although Sir Maurice has no recollection of this meeting. On the 12th February 1948 a further case of wine was sent by Sir Maurice Bloch to Mr. Belcher, consisting of six bottles of sherry and six bottles of burgundy.

45. The position at that time was that Sir Maurice Bloch had been warned in the letter enclosing the licence dated the 2nd December 1947 for five casks which had been imported without licence, in the following terms:—
 "I am to point out, however, that the department are unable to grant this concession in the future and that before any arrangements are made to ship any of these casks, you are requested to make an application for the same on the enclosed form ILD/A."

46. On the 30th September 1947 Sir Maurice had applied for a licence to import twenty empty port pipes which was granted on the 23rd January 1948. On the 19th January 1948 notwithstanding the warning he had received, Sir Maurice Bloch applied for an import licence for eighty empty sherry butts and twenty-six empty sherry hogsheads which had already been shipped, if they had not already arrived in this country. This application was considered by Miss Jean Elliot Elliott, a principal in the Import Licensing Department of the Board of Trade, and Mr. R. Pyser, an executive officer, who were the responsible officials dealing with such matters, and the file containing the application was minuted on the 10th February 1948, with detailed reasons for refusal, by Miss Elliott. On the 28th January 1948 a letter was written from the Board of Trade to Sir Maurice Bloch's company informing them that the application of the 19th January for a licence to import sherry butts and hogsheads could not be granted because the limited amount of currency available for that type of importation had been exhausted, but that negotiations were going on to obtain further authority to expend dollars for this purpose, and the application would be held over pending the result of these negotiations.

47. On the 25th February 1948 Mr. Belcher with his private secretary, Mr. Cross, was in Glasgow on official duties. Mr. Belcher rang up Sir Maurice Bloch in response to a message which he found waiting for him at the Board of Trade Offices in Glasgow with the result that Mr. Belcher and Mr. Cross visited Sir Maurice Bloch's offices where they had a drink with Sir Maurice. At that interview Sir Maurice raised the question of the importation of sherry casks for maturing whisky. Sir Maurice Bloch says he did it in a general way in the interests of the distillers' trade. Mr. Belcher remembers the matter being raised, as also does Mr. Cross, as they thought in the interest of Sir Maurice. We are satisfied that the matter was raised by Sir Maurice Bloch not in the interests of the distillers' trade but in his own personal interest. Sir Maurice Bloch told Mr. Belcher in the presence of Mr. Cross of his difficulties and of the fact that the casks and butts had already arrived in this country, although without an import licence; that if the licence was not granted the casks and butts would be seized and liable to forfeiture by the Customs. He also said that he was prepared to surrender the licence he had for the port pipes if he got the licence which he was now seeking.

48. According to the evidence of Mr. Cross, Mr. Belcher instructed him to make further inquiries into the matter when he returned to London. Mr. Belcher agreed with Mr. Cross's evidence on this point, and added that at the time it appeared to him that there was a very good prima facie case for permitting an import licence. Mr. Cross did not attend to the matter immediately on his return to London owing to pressure of work. On the 11th March 1948 a further application was made by Sir Maurice for a licence to import one hundred and twenty-five empty sherry butts. About this time Sir Maurice rang up the Board of Trade and spoke to Mr. Cross. Thereupon on either the 16th or 17th March Mr. Cross rang up Miss Elliott and told her: "Sir Maurice Bloch has mentioned to Mr. Belcher that he had some casks which had arrived, I think, at Glasgow, for which he had not obtained a licence for the import" and asked her if she would look at the particular case and see if she thought a licence could be granted. Mr. Cross added that Mr. Belcher knew Sir Maurice Bloch and that if a licence could properly be granted he would be glad. Miss Elliott, however, goes on to say that it was left entirely to her to decide on the merits of the case.

49. On the 18th March 1948 Miss Elliott wrote to Bloch Bros., stating that she understood from Mr. Cross that the consignment of sherry casks had arrived and that Sir Maurice Bloch was prepared to return the licence for the port pipes in order that it might be amended. In that letter she pointed out that as Bloch Bros. were aware no import should be made unless there was a valid import licence for the goods, as goods which arrived without licence were liable to seizure by His Majesty's Customs, but that in the special circumstances of this case she was prepared to amend the licence to import the port pipes. In spite of the previous warning he had received, although the letter of the 18th March may not have reached him, a further application dated 19th March 1948 was made by Sir Maurice Bloch for a licence to import four empty sherry butts and one hundred and fifteen hogsheads, which had also arrived in this country without a licence. On the 22nd March 1948 Sir Maurice Bloch saw Miss Elliott at the Board of Trade offices about his applications for licences. On the 23rd March Mr. R. Pysers, on behalf of Miss Elliott, wrote to Sir Maurice's company enclosing an import licence to cover butts and hogsheads already in this country totalling three hundred and fifty. This letter stated that the licence was again issued "exceptionally" in view of the department's letter of the 28th January, and again warning the company that if further shipments were made without licence, the goods were liable to seizure. The licence enclosed in this letter granted all the outstanding applications of Sir Maurice Bloch for import licences for sherry casks and butts, including that of the 19th March 1948 and did not call for the surrender of the licence for the port pipes which was retained by the company with the consent of Miss Elliott.

50. In the following month, about the 29th April, a further case of wines, consisting of six bottles of whisky and six bottles of burgundy was sent by Sir Maurice to Mr. Belcher. On the 8th June 1948 Sir Maurice made a further application for a permit to import a considerable quantity of barrels, hogsheads and butts, which again, in spite of the repeated warnings, had been consigned before an application for an import licence was made. These casks were to be paid for in dollars. In the last week of June, Sir Maurice Bloch telephoned Mr. Cross to ask for his assistance as private secretary to Mr. Belcher to see if the grant of the licence could be expedited and on the 2nd July Sir Maurice wrote to Mr. Cross enclosing a memorandum in support of his application, and giving the reference number of his application in the Board of Trade offices and requesting that the matter should be dealt with expeditiously.

51. At that time Mr. Cross was away from the office on holiday leave. On the 7th July 1948 he broke his leave to join Mr. Belcher on an official visit to Scotland and they again visited Sir Maurice Bloch at his offices. In the course of that interview, Mr. Belcher noticed some cartons of an attractive design for old liqueur whisky which was to be exported to the United States of America. This whisky was of greater age than normally sold in this country and was said by Sir Maurice Bloch to be selling in America at four times the price paid for ordinary Scotch whisky there. According to Sir Maurice Bloch, Mr. Belcher said, "Well, we should have some of this in London. It is interesting to know about the export trade". Thereupon Sir Maurice Bloch offered to send Mr. Belcher a dozen bottles of this whisky. Mr. Belcher, whilst not disagreeing with this account of the conversation, says he has no clear recollection of it, but agreed that Sir Maurice might have been under the impression that he, Mr. Belcher, would like some of this whisky. At the end of the interview Sir Maurice Bloch was wrapping up two bottles of whisky to give to Mr. Belcher and Mr. Cross, as he said "to keep the cold out on their journey home", when Mr. Belcher told him that he and Mr. Cross were travelling by different trains, whereupon the bottles of whisky were wrapped up separately and one given to Mr. Cross and the other to Mr. Belcher. This was done in Mr. Belcher's presence and apparently with his approval.

52. After the interview, Sir Maurice discovered that he had no supplies of this older whisky available, and shortly before the 27th July he sent six bottles of another liqueur whisky of less maturity, in order, as he said, "to keep faith". On the 27th July 1948 Sir Maurice Bloch again spoke to Mr. Cross on the telephone explaining that the older whisky was not yet available, and that he was sending six bottles of liqueur whisky of less maturity. On the same day Sir Maurice wrote to Mr. Belcher confirming his conversation with Mr. Cross. On the 28th July, the day after this conversation, the licence applied for on the 8th June was granted, authorising the importation of casks to the value of 8,290 dollars. Out of the six bottles of whisky which had by this time arrived, Mr. Belcher, at the suggestion of Sir Maurice Bloch, gave Mr. Cross one, and on the 20th August 1948 Mr. Cross wrote to Sir Maurice thanking him for the bottle of whisky he had received from Mr. Belcher.

53. On the 14th September 1948 there was a further application for 1,000 American barrels in shooks for which dollars were to be paid, and this was granted on the 28th September 1948. On the 18th September a further application had been made for a licence for thirty empty hogsheads, but on the 6th October 1948 this application was refused.

54. In the week before the 30th September 1948 a parcel of the more mature whisky arrived, and on the 30th September 1948 a further parcel arrived; the parcels consisted of six bottles and two bottles of whisky respectively. These were acknowledged in a letter by Mr. Belcher on the 30th September, and addressed to "My dear Maurice", and signed "Yours very sincerely, John B." and containing an invitation to Sir Maurice Bloch to join him for a meal at the House of Commons.

55. The allegations are that these gifts of wine and spirits were made by Sir Maurice with the intention of securing Mr. Belcher's favour and assistance in obtaining grants of licences for the import of sherry casks, butts and hogsheads, and were accepted by Mr. Belcher well knowing that that was the purpose of the gifts. Sir Maurice agrees that he did make these gifts with the idea of securing an "easy approach" to Mr. Belcher, but he says that the reason that he desired to secure that easy approach

was not to assist his applications for licences, but in order to be able to persuade Mr. Belcher when the time came to speak at a meeting to be organised by a Refugee Appeal Committee of Glasgow. Sir Maurice stated that he had not disclosed this intention to Mr. Belcher or, indeed, to anyone else, and, in fact, no such meeting has taken place since June 1947.

56. We are unable to accept this reason given by Sir Maurice Bloch for his desire to secure this "easy approach." Having seen him in the witness box, we are quite satisfied that Sir Maurice Bloch made these gifts with the object of obtaining favourable consideration for his application for licences. It was alleged that Mr. Belcher was induced by these gifts to give such favourable consideration.

57. Mr. Belcher immediately before going into the witness box, through his counsel, announced that he felt he had been indiscreet in accepting these gifts of wines and spirits from Sir Maurice Bloch, but he denied that his conduct could be described as anything more than indiscreet.

58. It may be, so far as the first present of sherry is concerned, that Mr. Belcher did not realise Sir Maurice Bloch's designs, but when he was offered further supplies he must have realised that these were not the result merely of friendship. We have only heard evidence of five meetings between Sir Maurice Bloch and Mr. Belcher; the first at the public dinner at which they met in June 1947; the next was on 22nd September 1947; the third was the meeting on the 20th January 1948; the fourth was the meeting at Glasgow on the 25th February 1948, and the last was also in Glasgow on the 7th July 1948. In making the suggestion that he should pay for further supplies in his letter of the 10th July 1947 it seems clear that Mr. Belcher realised at that time that he could not expect the supplies to be continued as gifts. The fact that he continued to receive them as gifts and without again raising the question of payment in our view makes it clear that Mr. Belcher appreciated that the gifts were made for some motive other than that of friendship.

59. On 25th February 1948 the position was that Sir Maurice had been warned in December 1947 that he should not ship further casks for import unless a licence had previously been applied for. In the face of this warning, he made the fresh application of the 19th January 1948 which had been minuted for refusal, and made a further application on the 11th March 1948. The result of Mr. Belcher's intervention through Mr. Cross was not only the granting of the two applications which had already been made in respect of goods shipped in defiance of the warning he had received, but also the granting of a further application made on the 19th March 1948 in respect of goods also shipped in defiance of the same warning.

60. We are compelled in this case to come to the conclusion that Sir Maurice Bloch made these gifts of wines and spirits to Mr. Belcher with a view to influencing Mr. Belcher to assist him in obtaining licences for the import of sherry casks and that Mr. Belcher accepted these gifts knowing the object with which they were made. It was because of these gifts that Mr. Belcher intervened to secure the granting of the licences, and did, in fact by his intervention secure the grant of the licence of the 23rd March 1948 and also of the later licences.

(iv) THE CASE OF MR. SYDNEY STANLEY

61. The next series of allegations arises out of the relationship of Mr. Belcher and Mr. Sydney Stanley. Mr. Sydney Stanley's name, according to his Alien Registration Identity Card, is Solomon Kohsyzky, alias Rechtrand,

but throughout these proceedings he has been described by the name by which he has been known for the last year or so, Mr. Sydney Stanley. He is a Pole by birth, but came to this country in 1913, at the age of 12, his father's name being Wulkan, and his mother's name being Kohszyzky. Mr. Stanley was educated in this country, and he seems to have engaged in business at a very early age; in 1927 he was made bankrupt under the name of Wulkan, and he still is an undischarged bankrupt. He seems to have been engaged as a traveller in the drapery trade up to the outbreak of war.

62. On the 1st June 1933 a deportation order was made against Mr. Stanley by a Secretary of State, describing him as Solomon Koszycki, alias Rechtrand, known as Sid Wulkan. After the deportation order was made, and before the police could act upon it, they lost track of him until after the outbreak of war. In 1940 he obtained employment with H. Lass, Ltd., wholesale mantle, costume and gown manufacturers, of Ford Square, Commercial Road, London. Mr. Stanley says his work was that of a production manager, and that he had to obtain Government orders for clothing for the forces and to organise the production of the workshops. He left this work on or before 29th April 1942.

63. Little is known about his activities between then and 1945. In March of that year his wife became tenant of the flat he at present occupies in Aldford House, Park Lane. We do know that in October 1946 he was carrying on the occupation which was described as that of a "business agent". It will be necessary for us, in this report, to refer to some of Mr. Stanley's enterprises.

64. The first transaction in point of time in which Mr. Stanley's name was mentioned before us was in relation to Mr. Cyril Joshua Ross, chairman and managing director of Swears & Wells, Ltd. Later he is found travelling regularly to and from Manchester. In the course of these journeys he became a casual acquaintance of Mr. George Gibson. He improved the acquaintanceship by referring to Mr. Cyril Ross as a friend of his, Mr. Ross being also a friend of Mr. Gibson's. He also discussed with Mr. Gibson matters of politics in which he professed great interest from the Labour Party point of view. On the 22nd April 1947 Mr. Stanley happened to meet Mr. Gibson at Grosvenor House. Mr. Marcus Wulkan, who is Mr. Stanley's brother, was paying a visit to this country at that time from the United States of America, and was with Mr. Stanley. Mr. Stanley introduced him to Mr. Gibson, who according to the latter was then reminded by Mr. Marcus Wulkan that he had met Mr. Gibson at the Commodore Hotel in New York at a public lunch in 1941, when Mr. Gibson was collecting funds for this country. According to Mr. Gibson, Mr. Wulkan told him that he had there presented him with a cheque for 30,000 dollars. Mr. Gibson recollected the occasion of the lunch, but as it had taken place six years before, he did not remember Mr. Wulkan, but accepted the latter's statement that he had been present at the lunch and there had made the presentation of 30,000 dollars. Apparently at this meeting, Mr. Wulkan expressed a desire to help this country, and thereupon Mr. Gibson asked Mr. Sydney Stanley and Mr. Wulkan to attend a dinner he was giving the next night at the Garrick Hotel.

65. The dinner took place on the 23rd April 1947 and Mr. Belcher was present as the guest of honour. During the evening Mr. Stanley was introduced to Mr. Belcher, as was also his brother, Mr. Wulkan. Discussions took place between them as to the export trade with the United States of America, in which Mr. Wulkan professed himself greatly interested and most anxious to assist. Following this dinner, arrangements were made for Mr. Wulkan and Mr. Stanley to see Mr. Belcher at his office and further meetings

took place between Mr. Stanley and Mr. Belcher on the 26th April 1947 and 29th April 1947.

66. The Labour Party Conference was due to start at Margate on or about the 25th May 1947, and Mr. Belcher was anxious to attend. Although they had been acquainted for less than a month, Mr. Stanley invited Mr. Belcher to stay with him for the week of the Conference. About this time Mr. Stanley was introduced to Mrs. Belcher and at their first meeting he invited her and her children to accompany Mr. Belcher, as his guests. Mr. Stanley's own house at Margate could not accommodate the Belcher family, so he secured accommodation for them at Beresford House and undertook to pay the bills for their board and lodging there. Mr. Belcher seems to have accepted this offer without any demur, and, in fact, arrived at Margate with his mother as well as the other members of his family.

67. The bill for the whole family for the first week ending 30th May came to £48 7s. 9d., which Mr. Stanley duly paid. There is some evidence that Mr. Belcher anticipated that Mr. Stanley would also pay the bill for the second week of their stay, and that he was worried when Mr. Stanley left Margate for the North without making arrangements for the discharge of the bill for the second week. In fact, however, Mr. Belcher himself paid the bill for the second week, which amounted to £63 6s. 6d., and told us that that had always been his intention. He said the decision to stay the second week after the Labour Party Conference had finished was only made during the first week, when he found that he was receiving so much benefit from his first week's stay. Mr. Belcher agrees that Mr. Stanley's generosity in respect of his first week's stay at Margate put him under a considerable debt of gratitude to Mr. Stanley.

68. Thereafter, Mr. Belcher received constant hospitality at Mr. Stanley's flat at Aldford House. After a short period, Mr. Belcher began to use the flat regularly and was entertained there with liquid refreshment when he called. He would sometimes go in the morning before lunch, or call on his way back from lunch, very often in the evening before dinner, and sometimes late in the evening before going home. Further, Mr. Stanley took him as his guest approximately once a month to the dog races and, when they arrived together, he paid for Mr. Belcher's admission and always entertained him to dinner. On most of the occasions, Mr. Belcher was accompanied by his wife, who was also a guest of Mr. Stanley. Mr. Stanley also occasionally took Mr. Belcher to boxing contests in London.

69. About Christmas, 1947, Mr. Stanley offered a present of a gold cigarette case, which Mr. Stanley said cost between £60 and £70, to Mr. Belcher, who, after some demur, agreed to accept it. The cigarette case itself was given to Mr. Belcher some time after Christmas. In addition, Mr. Belcher from time to time received bottles of wine or spirits from Mr. Stanley. Mr. Belcher says that this happened on only three or four occasions, but Mr. Stanley says it occurred frequently. We think there were quite a number of these gifts.

70. On 4th May 1948, Mr. Belcher being far from well, was persuaded by a number of his friends, and in particular by Mr. Stanley, to go into a hospital for treatment. We are satisfied on the evidence of Mr. Cross, and indeed of Mr. Belcher himself, that one of the causes of his ill-health was indulgence in alcohol.

71. While Mr. Belcher was in hospital, he was visited by Mr. Stanley who brought him fruit and flowers and books. On two occasions, Mr. Stanley was accompanied by Mr. Harry Sherman. Mr. Belcher's attitude to Mr. Stanley is well illustrated by his explanation as to why he allowed Mr. Stanley

to visit him and bring Mr. Sherman with him. His attitude was that, although he did not desire these visits, he felt under such an obligation to Mr. Stanley who had instigated his friends to persuade him to go into hospital, that he felt he really should not refuse to see him or his friends.

72. We are convinced that Mr. Stanley's benefactions to Mr. Belcher were animated by desire to put Mr. Belcher into his debt, with the object of securing Mr. Belcher's assistance in matters in which he, Mr. Stanley, was interested either personally or through his associates. In our view, Mr. Belcher realised this position certainly by the end of 1947. Mr. Belcher agreed in his evidence that he was not really in a position to make a suitable return to Mr. Stanley for his benefactions. The only return which he could make to Mr. Stanley for the latter's generosity, in our view, was to show him consideration in his approaches to the Board of Trade.

73. Whilst Mr. Pearson was Mr. Belcher's private secretary, he endeavoured to prevent Mr. Stanley having unusual access to Mr. Belcher's private office. When Mr. Cross was appointed private secretary in Mr. Pearson's place in December 1947 the latter had formed the view from what he had seen of and heard from Mr. Stanley, that Mr. Stanley was a boastful person, given to exaggeration and making himself somewhat of a nuisance in the private office. As a warning to Mr. Cross, Mr. Pearson gave him his views of Mr. Stanley, and took him to Mr. Stanley's flat to introduce them and enable Mr. Cross to form his own opinion. After this warning, Mr. Cross on his appointment as private secretary tried to protect Mr. Belcher from Mr. Stanley's attentions. Apparently the latter resented this and complained to Mr. Belcher. The result was that Mr. Belcher instructed Mr. Cross that, so far as Mr. Stanley was concerned, all that Mr. Cross had to do was to be polite to him and that Mr. Belcher himself would deal with him. The consequence was that from that time onwards Mr. Stanley had complete access to Mr. Belcher at all times, and was free to bring any associate into the private office. When this happened, Mr. Belcher usually would see Mr. Stanley and whoever accompanied him, alone, and not in the presence of an official or his private secretary. According to Mr. Belcher's own evidence, he does not think there was any occasion upon which he refused to see Mr. Stanley when asked by him so to do.

74. The relationship between them apparently got to the stage that Mr. Stanley thought it proper to comment on how Mr. Belcher was dressed. Early in April 1948 noticing that Mr. Belcher had a cigarette burn in his clothing, Mr. Stanley told him that he was not dressing in a manner suitable to his position, and offered to make him a gift of a new suit. Mr. Stanley denies this, but Mr. Belcher frankly admits the gift. Mr. Belcher was measured by a tailor named Mr. Hirsch Teper of 80, South Audley Street, London, for the suit on the 2nd April 1948 and had a first fitting on the 9th April. The second fitting took place at Mr. Stanley's flat towards the end of June and the suit was delivered about the 27th July.

75. Mr. Stanley had not only complete access to Mr. Belcher at his private office, but frequently arranged that Mr. Belcher should attend at his flat and there meet people to whom Mr. Stanley desired to introduce him. The effect of this relationship between Mr. Stanley and Mr. Belcher was to secure that any applications in which Mr. Stanley or his friends were interested were brought before Mr. Belcher and, instead of going through the normal course, were sent from his private office to the official who should deal with them. This meant that any application would be dealt with more expeditiously and might result, if the question was in the balance, in the making of a favourable decision which might otherwise have been adverse.

76. There is a number of cases where Mr. Stanley used his relationship with Mr. Belcher to introduce applicants to him with a view to securing his assistance and that of other officials of the Board of Trade in matters concerning such applicants.

77. The particular cases we have to consider are :

- (a) The case of Craven Productions Ltd., Margate premises ;
- (b) The case of Royal Norfolk Hotel, Bognor Regis ;
- (c) The Sherman case ;
- (d) The Berkeley Square case ;
- (e) The case in relation to amusement machinery.

(a) *The case of Craven Productions Ltd., Margate Premises*

78. Mr. Robert James Pritchard had a controlling interest in a company known as the French Cleaning & Dyeing Company Ltd. and also another company called Craven Productions Ltd. Mr. Stanley endeavoured to obtain an option to purchase the whole of the shares of the French Cleaning & Dyeing Company Ltd. and attempted to re-sell those shares without having secured that option to Mr. Abraham Sherman. Mr. Stanley on the 29th April 1948 produced to Messrs. Ernest Simmons & Company, who were acting as solicitors to Mr. Abraham Sherman, what purported to be a copy of a receipt for £10,000 paid by him to Mr. Pritchard. No such sum had been paid nor any such receipt given and the attempted sale subsequently went off.

79. In January 1948 Craven Productions Ltd. had a factory at Margate held under a lease which was due to expire shortly. Mr. Pritchard took the view that when he started the factory at Margate during the war for production of garments for war purposes he had been promised by the Ministry of Supply that he would be permitted either to renew the lease of that factory or obtain other premises in Margate after the termination of hostilities for the production of garments in peace-time. Mr. Pritchard was seeking a fulfilment of this promise or alternatively compensation for the breach of it. This was a matter which concerned, and solely concerned, the Ministry of Supply. He had been unable to obtain any real satisfaction from that Ministry and apparently had received some advice that he should endeavour to obtain consideration of his demands at a higher level.

80. Mr. Stanley was himself interested in the premises as a possible purchaser with a view to re-sale at a profit of the shares in Craven Productions Ltd. if their factory could be continued in Margate. He was therefore anxious to ascertain what the position was as to the future of the factory. Mr. Stanley, apparently knowing no one "at high level" in the Ministry of Supply, arranged to introduce Mr. Pritchard to Mr. Belcher to obtain the latter's assistance and influence in approaching officials at "high level" in the Ministry of Supply. On the 23rd February 1948 Mr. Pritchard was introduced by Mr. Stanley to Mr. Belcher in the latter's private office. Mr. Pritchard explained the matter to Mr. Belcher who thereupon promised to make inquiries from the Ministry of Supply and to be as helpful as possible.

81. Mr. Belcher, through one of his officials, made inquiries to ascertain who was the person at the Ministry of Supply who would deal with a matter of this character. Having ascertained it was Mr. Gray of the Ministry of Supply at Hans Mansions, S.W.3, this information was given to Mr. Cross. Mr. Belcher's private secretary, and Mr. Stanley was so informed. He and Mr. Pritchard then saw Mr. Gray at the Ministry of Supply. In spite of this, however, Mr. Pritchard obtained no satisfaction.

82. The curious feature of this matter is that it was no concern of Mr. Belcher's department but clearly one for the Ministry of Supply, but Mr. Belcher interfered actively to secure access for Mr. Pritchard to the higher level of the Ministry of Supply and also asked to be kept informed as to the progress of the matter. Later Mr. Belcher met Mr. Pritchard on four or five occasions, two of which were at Mr. Stanley's flat. If it had not been for Mr. Stanley's introduction of Mr. Pritchard we are satisfied that Mr. Belcher would not have interested himself in the matter or attempted to assist Mr. Pritchard.

(b) *The case of the Royal Norfolk Hotel, Bognor Regis*

83. The next person who was introduced to Mr. Belcher by Mr. Stanley was Mr. Raphael Ronald Curtis. Mr. Curtis is the senior partner in the firm of Ronald Curtis and Davids, property accountants, surveyors and valuers, and also a director of a company called Selected Hotels Ltd., which owned amongst others the Royal Norfolk Hotel, Bognor Regis.

84. In 1947 a licence had been granted for the expenditure of about £21,000 for the purpose of carrying out structural improvements and reinstatement of dilapidations of the Royal Norfolk Hotel after derequisition. The application for this licence did not seek for any authority to make structural alterations to, and adaptations of, an annexe to the hotel for use as staff quarters as the annexe was then in the occupation of a third party. There was, however, attached to the application a plan which showed that the annexe was intended at some future date to form part of the hotel premises.

85. In September 1947 an application was made to the Ministry of Works for permission to expend the necessary moneys on the annexe to render it suitable for staff accommodation. This application was refused on the 27th October 1947. The application was renewed when it was ascertained that the local representatives of the Ministry of Works and of the Board of Trade were prepared to support the application. Whilst the Ministry of Works in London were also prepared to grant the licence, they were only prepared so to do if the backing of the Board of Trade in London were secured to the application. This was not obtained, with the result that the licence was again refused on the 25th February 1948.

86. At this time Mr. Curtis had become acquainted with Mr. Stanley because of their joint interest in certain matters in which Mr. Cyril Ross of Swears & Wells Ltd. was concerned. Mr. Stanley was apparently anxious to secure Mr. Curtis's goodwill which he might find useful to him in the future. He was informed by Mr. Curtis of his difficulties about this licence for the annexe. Mr. Stanley agreed to assist Mr. Curtis in the matter and made an appointment for him to see Mr. Belcher on the 3rd March 1948. Mr. Curtis explained the position to Mr. Belcher, and Mr. Belcher promised to look into the matter. Mr. Curtis heard nothing for a few days so he telephoned to Mr. Belcher's office to ascertain the position, but was unable to speak to Mr. Belcher. Later he saw Mr. Stanley and complained about the delay, and Mr. Stanley subsequently saw Mr. Belcher at the former's flat and told Mr. Curtis that Mr. Belcher wanted to see him. An appointment was arranged for the 2nd April 1948, and Mr. Stanley went with Mr. Curtis to see Mr. Belcher in his private office. At that interview Mr. Belcher, who had obtained the relevant file, raised with Mr. Curtis the point which emerged from the minutes thereon that the Department thought that his company had been manoeuvring for position by applying for a licence

for the staff annexe later and thereby unfairly to bring pressure to bear on the Board of Trade to support the second application. Mr. Curtis combated this argument and Mr. Belcher promised to look further into the matter.

87. The position at this time was that the Ministry of Works were still prepared to grant the licence for the annexe if the applicants secured the support of the Board of Trade. Although Mr. Bowen is the official of the Board of Trade who is in charge of the building branch, Mr. Floud is the official who is principally concerned, amongst other things, with building operations to hotels, this being a matter dealt with by the Overseas Branch of the Board of Trade. This branch of the Board of Trade is under the control of Mr. A. G. Bottomley, M.P., who was the Secretary for Overseas Trade. It does not come under Mr. Belcher, and is no concern of his. At this time, Mr. Bottomley was away for a few days on ministerial business on the Continent, but there was no immediate urgency to deal with the matter.

88. On the 9th April 1948 Mr. Belcher sent for Mr. Floud, and Mr. Bowen was present at Mr. Floud's request. Mr. Floud voiced his strong objection to the granting of the licence, but according to Mr. Floud Mr. Belcher said that he "wanted the licence to be granted". In order to meet Mr. Belcher's wishes Mr. Bowen suggested as a compromise that instead of refusing to support the application for the licence, the Board of Trade should inform the Ministry of Supply that whilst they could not positively sponsor the application, if the Ministry of Works wanted to grant the licence and if the work could be done without interfering with more important projects in that area, then the Board of Trade would have no objection. This compromise, in view of Mr. Belcher's wishes, was accepted by Mr. Floud, and the result was that the Ministry of Works granted the licence, as the Board of Trade, although not supporting the application, were not objecting to it if granted upon the terms suggested.

89. In this case Mr. Belcher was intervening in a matter which was no concern of his but which was the concern of Mr. Bottomley's branch of the Board of Trade. As a result thereof, a licence was granted which had been previously twice refused. Mr. Belcher admitted in his evidence that this licence would not have been granted but for his intervention. It was the result of Mr. Stanley's introduction that Mr. Belcher took the unusual steps which he did. He said that if the matter had been brought to his attention by a Member of Parliament on behalf of Mr. Curtis, he would have simply passed the matter over to the private office of the Secretary for Overseas Trade.

90. It is also curious that the intimation to Mr. Curtis that the Board of Trade would support his application for the licence was made to him after he had been asked by telephone to come to Mr. Stanley's flat where he found Mr. Belcher who told him that he had seen the officials of the Board of Trade, which would support the licence. "If it was not received within a week or ten days" Mr. Belcher told Mr. Curtis to communicate with him again, so that he could remove any blockage. We feel bound to come to the conclusion that Mr. Belcher, in doing what he did in reference to the Royal Norfolk Hotel application, was endeavouring to make some return to Mr. Stanley for his gifts and hospitality.

(c) The Sherman case

91. The next persons in point of time in whose affairs Mr. Stanley interested himself were Mr. Abraham Sherman and Mr. Harry Sherman. Mr. Harry Sherman was the governing director and held a controlling interest in

Sherman's Pools Ltd. which ran a competition known as "Sherman's Football Pools". His brother, Abraham Sherman, was a director of A. Sherman Ltd. which carried on a bookmaking business. Both brothers were interested in a partnership which dealt with investments in, and the sale of, property and shares.

92. During the war the various football pools had joined together to conduct one pool, known as the "Unity Pools", but in 1946 this ceased, and each of the pool companies began to operate individually. Owing to the shortage of paper, the various football pool companies could not obtain all the paper they required, and an agreement was made between the Football Pool Promoters' Association, of which Sherman's Pools Ltd. were members, and the Board of Trade, that an allocation of paper should be made to the Association and that the members of the Association should arrange amongst themselves the proportions in which paper should be allocated to the individual members. An allocation of paper was made by the Association in 1946 to which Mr. Harry Sherman agreed. During the following year his football pool had increased its business and he desired additional paper. In October 1947, there was a meeting of the Football Pool Promoters' Association and Mr. Harry Sherman strongly objected to the amount of paper allocated to his company but eventually, under protest, agreed to the allocation. Notwithstanding this agreement, he made strenuous efforts to obtain further supplies from the Board of Trade, but without success.

93. In the meantime, as a result of complaints against both his and other pool promoting companies, the Board of Trade ascertained that Mr. Harry Sherman's company was exceeding its paper allocation. As a result of further inquiries, it was ascertained that complaints were being made that his company was acting in breach of the Statutory Instrument (S.R. & O. 1945, No. 1431) which provided that no pool coupons should be delivered or caused to be delivered to any person unless such person paid before such delivery at least one halfpenny for each coupon. As a result of these complaints, proceedings were begun by the Board of Trade at the end of 1947 against Sherman's Pools Ltd., for sending coupons to twenty-two persons who had not paid at least $\frac{1}{4}$ d. for each coupon. In respect of these matters, over 200 separate charges were made. The hearing started before the Stipendiary Magistrate for Cardiff, Mr. Godfrey Parsons, on the 14th January 1948. The hearing lasted six days and the Stipendiary Magistrate reserved his decision, which he proposed to deliver on the 6th March 1948. Unfortunately the Stipendiary at that time was ill, and died before delivering judgment.

94. It was then intimated to Messrs. W. H. Davies & Sons, solicitors for Sherman's Pools Ltd., by Messrs. Vachell & Company, solicitors of Cardiff, who were acting as agents for the Solicitor to the Board of Trade, that they proposed to reinstate the summonses for further hearing, and also to add additional charges in respect of further alleged cases of distribution of coupons in contravention of the Statutory Instrument. On the 20th March 1948 Messrs. Davies wrote to Mr. Belcher as Parliamentary Secretary to the Board of Trade, protesting against this proposed course, sending a copy of this letter as well to Messrs. Vachell. Shortly after this time—we cannot give the exact dates, as the letters have been destroyed—Mr. Harry Sherman wrote twice to Mr. Belcher to his private address and apparently also to him at the Board of Trade. Mr. Sherman said that early in April 1948 he also got in touch with a Mr. S. O. Davies, Member of Parliament for

Merthyr Tydfil, to induce him to use his influence with Mr. Belcher, but Mr. Sherman says this was not in connection with the prosecution but with his paper allocation. Mr. Harry Sherman also got in touch with Mr. David Rufus Williams who was the assistant secretary to the Empire Parliamentary Association, believing, he says, that he was a Member of Parliament. According to Mr. Sherman's evidence and that of Mr. Rufus Williams although the prosecution was mentioned, Mr. Sherman says that his real concern at that time was his paper allocation.

95. We do not accept the evidence either of Mr. Harry Sherman or Mr. Rufus Williams that this was so. Mr. Rufus Williams says that he refused to discuss the matter of the prosecution because it was sub judice, although, according to Mr. Belcher, Mr. Williams had a conversation with him in which the prosecution was mentioned. Mr. Belcher assumed from what Mr. Williams said that the Shermans had seen Mr. Williams about the prosecution because Mr. Belcher's words were, "I suppose they are worried about their case", and he was not contradicted. So far as the paper allocation was concerned, the Football Pool Promoters' Association expired by effluxion of time in February 1948. A new association was formed called the "Pool Promoters' Association" which Sherman's Pools Ltd. were not asked to join. This meant that for the future they would have to obtain their allocation of paper direct from the Board of Trade. Mr. Harry Sherman raised this question in February 1948 but the Board of Trade refused to increase the amount of paper previously allotted. In February the Board of Trade wrote to him and told him that their decision was final, and on the 29th February 1948 Mr. Harry Sherman replied saying that he appreciated that their decision was final. So far as the files at the Board of Trade disclose the position, the question of the paper allocation remained in abeyance from the 2nd March 1948 until the 12th May 1948. During this period no attempt was being made by Mr. Harry Sherman to raise the question with the Board of Trade except that, as appears later, he twice visited Mr. Belcher in hospital after the 4th May 1948 to intercede for a bigger allocation. The inference to be drawn from these files would seem to be confirmed by the fact that it was not until the 6th June 1948 that Mr. Harry Sherman wrote to Mr. Stanley sending him the correspondence in relation to the paper allocation, and asking him for his assistance in the matter. Mr. Harry Sherman disagrees, and says that the question of paper allocation was ever uppermost in his mind. Whilst this may be so, we are satisfied that during April 1948, at any rate, no active steps were being taken by Mr. Sherman in respect to this matter, whether through Mr. Rufus Williams or Mr. Stanley, or at all.

96. Some time towards the end of March 1948 Mr. Stanley introduced himself to Mr. Abraham Sherman. According to Mr. Abraham Sherman's evidence, which was given by way of affidavit because of his illness and which was not subject to cross-examination, Mr. Stanley introduced himself by saying "You are Mr. Sherman, aren't you?", to which he replied "Yes", upon which Mr. Stanley said, "It is all right; I know all about your case at Cardiff and the trouble you are having with your paper allocation." Mr. Abraham Sherman goes on to state that Mr. Stanley told him he could help them "as Mr. Belcher is a particular friend of mine and may be able to help you with your paper allocation". Mr. Stanley then gave his name and telephone number. Mr. Stanley denies this conversation, and we are not wholly satisfied that Mr. Abraham Sherman's account of it is accurate, except to the extent that Mr. Stanley did introduce himself, and did say he could help through the medium of Mr. Belcher.

97. On or shortly before the 31st March 1948, according to Mr. Abraham Sherman, Mr. Stanley told him that he ran a bookmaker's business in the name of Wein, and wanted to lay off some bets, and made a series of bets for horses running on the same day with Mr. Abraham Sherman, which resulted, according to Mr. Abraham Sherman, in a win by Mr. Stanley of £715 2s. 6d. Mr. Stanley denies that he made these bets, although he agrees he received a cheque from A. Sherman Ltd. for that sum. He was not able to deny this as the bank book entries disclosed the payment to him. He gave an explanation which was to the effect that Mr. Abraham Sherman sent the cheque either by post or by messenger to Mr. Stanley's flat and later called and asked him to cash it. Mr. Stanley says he had not enough money to cash it himself and had to borrow money so to do. This explanation we cannot accept. Mr. Stanley at this time had only known Mr. Abraham Sherman for a few days. The explanation was given for the first time in the witness box by Mr. Stanley. His solicitors had written on the 20th August 1948 inquiring whether there was any claim made by Messrs. Sherman in respect of the payment of the cheque for £715 2s. 6d. This inquiry is quite inconsistent with Mr. Stanley's account that this was a cheque which he had cashed for Mr. Abraham Sherman. It is impossible for us to place any reliance on the evidence of Mr. Stanley in relation to this transaction. Mr. Abraham Sherman we have not seen, but his evidence in his affidavit cannot be reconciled with some of the now known facts and we feel we cannot place much reliance on his evidence either. There is no evidence that Mr. Stanley ever carried on a bookmaker's business either in the name of Wein or at all. The only thing we are sure about is that £715 2s. 6d. was paid by A. Sherman Ltd. to Mr. Stanley on the 1st April 1948.

98. Early in April 1948 Mr. Stanley met Mr. Harry Sherman. There is no doubt that Mr. Stanley immediately endeavoured to interest Mr. Harry Sherman in the purchase of a controlling interest in the shares of the company owning Aldford House, Park Lane, and also in the purchase of shares in the French Cleaning and Dyeing Company, Ltd. There may also have been some conversation at this time, although this is by no means clear, about the conversion of Sherman's Pools Ltd. into a company with a public issue.

99. To revert to the matter of the prosecution of Sherman's Pools Ltd., on the 15th April 1948 Messrs. Davies & Sons, solicitors for Sherman's Pools Ltd., had discussed with Mr. Lloyd, the magistrate's clerk at Cardiff, the question of the restoration for hearing of the summonses for delivering coupons without payment, and on that date Mr. Harry Sherman or somebody on his behalf telephoned to Messrs. Davies to ascertain the position and was informed that the question of restoring the summonses was being considered. On the 16th April Mr. Lloyd informed Messrs. Davies that the summonses would probably be restored on the 11th May 1948. Mr. Harry Sherman in his evidence agreed that he had heard about this time that the summonses were likely to be restored in May. On the 16th April Mr. Harry Sherman was in London. He telephoned to the Board of Trade to try to obtain an appointment to see Mr. Belcher, but was unable to obtain that appointment. He then inquired if Mr. Belcher, whom he apparently had heard had an engagement in Cardiff the next day, would be travelling by the morning train. He was told that Mr. Belcher would not be travelling by the morning train. In fact, Mr. Belcher was travelling by the night train on the 16th April. Mr. Harry Sherman also travelled on that train. Mr. Harry Sherman saw Mr. Belcher in the corridor of the train near the entrance to the latter's sleeping berth, and there accosted him, Mr. Harry

Sherman says, about the paper allocation. Mr. Belcher says that Mr. Sherman started to discuss the prosecution, which Mr. Belcher said he refused to do. We prefer Mr. Belcher's evidence on this point, and are quite satisfied that Mr. Sherman's object in accosting Mr. Belcher was to discuss the prosecution and endeavour to prevent the restoration of the summonses. The conversation was a brief one which Mr. Belcher terminated as quickly as he reasonably could.

100. Mr. Harry Sherman having failed in his attempt to get Mr. Belcher to listen to him on the train next telephoned Mr. Stanley at Aldford House from Cardiff. He agrees he tried more than once but found the telephone out of order.

101. Having failed to communicate with Mr. Stanley on the telephone, Mr. Harry Sherman on the 18th April 1948 telegraphed Mr. Stanley at his flat as follows: "Your telephone apparently out of order. Coming to London Monday night and will be available early Tuesday morning. Will either ring or call to see you on Monday night to make final arrangements. Harry Sherman." Whether the attempted telephone calls and this telegram were made and sent in connection with the prosecution is a matter of inference for our decision. It is denied both by Mr. Sherman and Mr. Stanley that there was any such connection. So far as contemporary documents show the only subject to which it might have referred apart from the prosecution was the proposed purchase of shares in the French Cleaning & Dyeing Company, but both Mr. Harry Sherman and Mr. Stanley strenuously deny that this was the case. In our view that telegram was sent because of the urgent desire of Mr. Harry Sherman to get in touch with Mr. Stanley to see if he could assist in securing the withdrawal of the prosecution.

102. The 18th April 1948 was a Sunday. Mr. Harry Sherman agrees in view of the telegram that he probably went to London on the Monday, but cannot recollect whether he saw or telephoned Mr. Stanley on the Monday night. Equally he has no recollection of going to Mr. Stanley's flat or seeing Mr. Belcher there on Tuesday, the 20th April. In spite of the fact that the telegram was produced to him, he persisted in his statement that his belief was he did not meet Mr. Stanley until the end of April and did not meet Mr. Belcher at Mr. Stanley's flat until some time in May. Mr. Stanley equally at first was disposed to suggest that it was late April or the beginning of May before he met Mr. Harry Sherman, but having discovered the telegram amongst his papers he agreed that he had met Mr. Harry Sherman certainly prior to the 18th April. Mr. Belcher in his letter to the Lord Chancellor (para. 151) said that he had a meeting with Mr. Harry Sherman at Mr. Stanley's flat before the withdrawal of the prosecution on the 27th April, but in his statement to the police made on the 28th October 1948 he amended this statement by saying that the interview at the flat took place after the withdrawal of the prosecution. In the witness box Mr. Belcher having seen the telegram and looked at his diary, was prepared to accept the fact that he did go to Mr. Stanley's flat on the 20th April, and that it was on that day he saw Mr. Harry Sherman for the first time at the flat. Mr. Belcher said that there was a second meeting at the flat, when he had lunch there with his brother some time in June, and that he must have confused the two interviews in his statement.

103. Having considered these various statements, we are satisfied that Mr. Harry Sherman after that telegram did go to see Mr. Stanley, and was in Mr. Stanley's flat on Tuesday, the 20th April, just before lunch time. Mr. Belcher says he went over to Mr. Stanley's flat on that morning in response to a telephone call and that Mr. Harry Sherman arrived whilst he was there.

He says that he thought Mr. Harry Sherman was again going to raise the question of the prosecution and of the paper allocation, but before Mr. Harry Sherman could do so Mr. Belcher told him that he had no right to meet him while the question of the prosecution was outstanding, and Mr. Belcher says that he left immediately. Mr. Harry Sherman says that he only met Mr. Belcher once at the flat and that his sole purpose for doing so was to discuss the question of the allocation of paper, but that he did point out to Mr. Belcher how unfair he thought the prosecution was in the circumstances, and that he thought it was extraordinary he should be singled out above all others. It seems obvious, therefore, that at the meeting at Mr. Stanley's flat on the 20th April 1948, the question of the prosecution was referred to by both parties. Later that day, Mr. Belcher and Mr. Stanley were together at a boxing contest at Harringay Stadium. Mr. Belcher says he then raised the question again with Mr. Stanley and complained that he had no right to ask him to meet Mr. Harry Sherman at his flat.

104. Both Mr. Belcher and Mr. Stanley deny that Mr. Stanley endeavoured to persuade Mr. Belcher to withdraw the prosecution at this or any time. Having regard to the subsequent statements of Mr. Harry Sherman and the alleged statements by Mr. Stanley and the conduct of Mr. Harry Sherman and Mr. Belcher himself, we are satisfied that Mr. Stanley about this time endeavoured to persuade Mr. Belcher to do what he could to secure the withdrawal of the prosecution. At this time Mr. Stanley was engaged in endeavouring to sell various properties to the Shermans, and according to his own statement was to receive a large sum in respect of the flotation of Sherman's Pools Ltd. as a public company, and was therefore personally interested in securing the withdrawal of the prosecution.

105. We have carefully studied the relevant Board of Trade file and heard the evidence of the President of the Board of Trade, the Rt. Hon. Harold Wilson, M.P., the Permanent Secretary, Sir John Woods, and an Assistant Secretary, Mr. Harold James Gray, who was in charge of the paper section of the Raw Materials Department of the Board of Trade. The question of the withdrawal of the prosecution against Sherman's Pools, Ltd., was considered about the 30th March 1948, by Mr. J. C. W. Bell, an assistant in the Solicitor's Office of the Board of Trade, who made a detailed minute of the then position for the consideration of the then solicitor of the Board of Trade, Sir Stephen Low. Sir Stephen considered the matter on the 31st March 1948, and at that time took the view that, subject to anything that might be said by the paper control section of the Board of Trade, the withdrawal of the summonses would be fully justified, having regard to the fact that the main object of the prosecution had been secured and the nature of the alleged offences. The matter was then submitted to Mr. H. J. Gray, who took the view that the prosecution should not be withdrawn, as this should not be done unless the regulation requiring payment for coupons was revoked and that such a revocation at that time might mislead the public when paper was so short and appeals were being made for salvage of paper and economy in its use. This minute came before the second Secretary, Sir James Helmore, as he now is, who, in view of Mr. Gray's objections, referred the matter back to Sir Stephen Low, who in turn requested the view of Mr. Parsey, the official in charge of prosecutions for the Board of Trade. Mr. Parsey appeared to favour the view that the prosecution should continue. On the 7th April, the matter was further considered by Sir Stephen Low, who modified his opinion to some degree. According to his minute, his view then was, "I am bound to say that I still feel somewhat doubtful whether the offences charged are of such gravity that we should not be

justified in saying that justice has already been done, but in view of what is said by Mr. Gray, Mr. Allen Pratt"—(a partner in Messrs. Vachell & Co. dealing with the matter)—"and Mr. Parsey, I am not prepared to advise against a re-hearing".

106. The matter then came before Sir James Helmore again, whose view was, "The balance of argument is clearly in favour of a re-hearing and the Parliamentary Secretary might now be invited to approve this course." On the 23rd April 1948, the question was considered by Sir John Woods, who marked the papers, "I agree", indicating that he agreed with the view of Sir James Helmore.

107. On the same day, the file was submitted to Mr. Belcher in pursuance of the invitation set out in Sir James Helmore's minute and agreed to by Sir John Woods. This date of course was only three days after the interview at Mr. Stanley's flat. Mr. Belcher then made a minute addressed to the President in the following terms:—"I find it very difficult to decide for or against the re-hearing. We have had a large number of complaints about the other pool promoters. Are we going to prosecute them? I would like to have a word about it before a decision is arrived at; Sir Stephen Low in his first minute expressed my feelings". On the same day there was a minute from Mr. Parsey to Sir Stephen Low informing him that the clerk to the Stipendiary Magistrate at Cardiff had fixed the 11th to the 14th May 1948 for the re-hearing of the case, and pointed out that even if an application were made to withdraw the summonses, the Court might refuse to allow them to be withdrawn, and that the matter would still have to be referred to the Director of Public Prosecutions for his decision. Sir Stephen Low then referred the matter to the President who saw the file on the 26th April, and asked to see Mr. Belcher about the matter, in view of Mr. Belcher's minute of the 23rd April.

108. On the 27th April 1948 Mr. Belcher saw the President after a departmental meeting, and there was a short discussion about the matter. The President in his evidence, although he said his recollection is not very clear on the matter, said that he pointed out to Mr. Belcher that the matter was one upon which the arguments were finely divided, and that he said to Mr. Belcher:—"You have been handling this matter of the football pools, and I should like you to decide it and take charge of it," whereupon Mr. Belcher told him that there was a very long and complicated background to the case and that it was one of considerable political importance and a matter on which there had been considerable pressure both ways. Mr. Belcher's recollection is that the President also referred to a footwear repairer's prosecution which had taken place at Bow Street where there had been adverse comment, both from the Bar and from the Bench upon the fact that the prosecution was brought at a time when the regulation alleged to have been infringed had been or was about to be withdrawn. Up to this point the question of the revocation of the regulation under which Sherman's Pools Ltd. were being prosecuted had really not been considered. According to the file, the only reference to it was in the minute of Mr. Gray already mentioned, who had suggested that if the prosecution were withdrawn the regulation would have to be revoked, a course which he did not favour.

109. On the same day after seeing the President, Mr. Belcher saw Mr. Gray and a discussion took place between them. Mr. Gray adhered to his view that the prosecution should not be withdrawn, and that it was inadvisable to revoke the regulation at that time. Notwithstanding Mr. Gray's

views, which Mr. Belcher agrees that Mr. Gray expressed, Mr. Belcher decided that the prosecution should be withdrawn. His minute reads: "After discussion, I think our course should be to withdraw the order making a charge of a halfpenny for the coupons, and the Sherman prosecution then, I feel, should also be withdrawn," and directed this minute to "the Solicitor". Before coming to this decision to revoke the regulation and withdraw the prosecution, Mr. Belcher did not refer the matter back to Sir John Woods, as would be the normal procedure, nor was there any departmental meeting to consider the matter. His decision was made contrary to the views of Mr. Parsey, Sir James Helmore and Sir John Woods. According to Mr. Belcher's evidence, although there had been political pressure brought to bear from both sides, the heavier pressure was for continuing the prosecution and not for withdrawing it.

110. On 28th April 1948 the Solicitor, as a result of Mr. Belcher's decision, instructed his agent at Cardiff to withdraw the prosecution, and this was done on the 11th May 1948. The Court allowed this to be done and did not require the papers to be sent to the Director of Public Prosecutions.

111. Mr. Gray was obviously worried about Mr. Belcher's action in the matter, and made a special memorandum on 1st May 1948 which he attached to the file, setting out his account of his interview with Mr. Belcher. Sir John Woods, when he heard about what had taken place, thought the procedure sufficiently unusual to make a complaint to the President. The view, however, was taken and minuted on the 3rd May by Sir John Woods that he could only assume that there had been some misunderstanding in that the Parliamentary Secretary thought that Mr. Gray advised positively in favour of the early withdrawal of the order.

112. In view of Mr. Belcher's own evidence and the evidence of Mr. Gray, we are of opinion that no such misunderstanding in fact existed. Mr. Belcher says he came to his decision on the merits of the case, and in a desire to do no injustice to Sherman's Pools Ltd. In view of all the circumstances both before and at the time of and subsequent to this decision, we cannot accept his evidence on this point. In our view, his decision to withdraw the prosecution was the result of a request or suggestion by Mr. Stanley and of a desire on the part of Mr. Belcher to make some return for the many benefactions which he had received and to assist Mr. Stanley in his business negotiations with the Shermans. We do not propose at the moment to deal with the further allegations that a large sum of money was paid to Mr. Belcher to secure this decision. We shall deal with this later in our report (para. 163).

113. The facts that Mr. Belcher acted contrary to the advice which he had received from his departmental officials and did not refer the matter back to Sir John Woods were, of course, considered by us in coming to our decision, but we did not regard these facts as in any way decisive. There are, of course, cases where it would be quite proper for the Parliamentary Secretary to overrule the Departmental officials, and indeed in a proper case it would be his duty so to do.

114. After the withdrawal of the prosecution, further complaints were received that Sherman's Pools Ltd., through their agents, were again delivering coupons without payment. As a result of these complaints, the regulation which Mr. Belcher had decided should be withdrawn was allowed to continue in force.

115. In the meantime, discussions were taking place between Mr. Stanley and Mr. Abraham and Mr. Harry Sherman and their nephew, Mr. Archie Sherman, in relation to certain business proposals. On the 25th May, Mr.

Stanley was at the Shermans' premises in Cardiff.⁹ He then informed Mr. Harry Sherman, so the latter says, that he held a cheque for some £27,000 from H. Lass Ltd., with whom he had been associated in business between 1940 and 1942. Mr. Stanley asked Mr. Sherman if he would enquire from Mr. Sherman's bank as to whether Lass were able to discharge such indebtedness. Mr. Harry Sherman telephoned to Barclay's Bank, Ltd., at Cardiff, making the enquiry. He was informed by the bank that Lass were quite able to meet this liability. This information was confirmed by a letter from the bank addressed to Mr. Archie Sherman, Sherman's Pools, Ltd., dated 27th May 1948, and enclosing Lass' last balance sheet. That balance sheet showed that the accounts for the year 1947 were made up annually for the period ending 31st December.

116. According to Mr. Harry Sherman, it was at this interview on the 25th May 1948 that Mr. Stanley asked him to make him a loan of £5,000, suggesting as security Lass' cheque, but Mr. Sherman says at that time, he was not prepared to make the loan. Again, according to Mr. Harry Sherman, Mr. Stanley between that date and the 1st June 1948 repeated his requests for a loan on the ground that his capital was locked up in a number of business deals. Mr. Sherman says that on the 1st June 1948 he went to London from Cardiff, being still doubtful in his own mind whether he should make the loan or not, but in case he should decide to do so, he took with him a cheque made out by his cashier, and signed by his nephew, Mr. Archie Sherman, for £5,000, drawn on the partnership account, in favour of Mr. Stanley and also, Mr. Sherman says, a letter setting out the terms of the transaction. This letter, according to Mr. Sherman was addressed to Mr. Stanley by Mr. Harry Sherman, and read:—"I beg to acknowledge receipt of the cheque you gave me from H. Lass, Ltd., post-dated July 10th, 1948, for the sum of £27,000, and, as requested, I herewith enclose the cheque for £5,000 being a loan on the security of this cheque, and that you will also hand me your own personal cheque for the sum of £5,000 post-dated not later than July 10th, 1948, as additional security". On arrival in London, Mr. Harry Sherman says he decided to make the loan, and that he handed over his cheque for £5,000 dated 1st June 1948 to Mr. Stanley, and received in return Lass' cheque for £27,000, post-dated 10th July 1948 and Mr. Stanley's cheque for £5,000 post-dated 12th June 1948 and Mr. Sherman says he also handed to Mr. Stanley the above letter, which was dated the 1st June.

117. We have not seen the original of this letter, and Mr. Stanley strenuously denies that he ever received it. The explanation given by Mr. Harry Sherman as to why Lass' cheque was dated 10th July was that Mr. Stanley had informed him that Lass desired the payment to be made in the next accounting period. If Mr. Harry Sherman had looked at the balance sheet which had been received from the bank, he would have appreciated that this was a most unlikely explanation, as the accounting year in the balance sheet ended on the 31st December. Why Mr. Stanley's cheque was post-dated to the 12th June 1948 Mr. Sherman really could not explain.

118. Mr. Stanley gives an entirely different account of this transaction. His story is that on some date in April the question of the flotation of Sherman's Pools as a company with a public issue was discussed between him and Mr. Harry Sherman. Mr. Stanley says that Mr. Sherman originally said that he would consider making Mr. Stanley an offer of £50,000 if Mr. Stanley would interest himself in this flotation and issue. Mr. Stanley further says that on Mr. Sherman's visit to his flat on the 20th April 1948 Mr. Sherman agreed that this payment should be made to Mr. Stanley for his services in any event, whether the scheme was carried to fruition or not. He says that Mr. Sherman promised to pay him half of this sum immediately and the balance

at some future date, which at one stage of his evidence he fixed as the date when the approval of the Capital Issues Committee had been obtained. Mr. Stanley tried to explain the figure of £27,000 in the Lass cheque which he says was inserted by him in Mr. Harry Sherman's presence, as being the sum of £25,000, half of the agreed sum of £50,000, and £2,000 which he says Mr. Harry Sherman had promised to give to an organisation known as the Freedom and Democracy Trust at a dinner which was held at Grosvenor House on the 15th June 1948. This statement of Mr. Stanley's is obviously untrue, as the Lass cheque was made out for £27,000 on or prior to the 1st June before the dinner in question took place. This is an example of the irresponsible statements Mr. Stanley was prepared to make both in and out of the witness box. He says that the Lass cheque was what he described as a dead cheque, and that he so informed Mr. Sherman, but Mr. Sherman wanted the cheque made out for the sum of £27,000 in favour of Mr. Stanley and endorsed by Mr. Stanley over to him, merely as a receipt. Mr. Stanley also said that his own cheque for £5,000 post-dated to the 12th June was also given merely as a receipt. This much is true in Mr. Stanley's statement, that Lass' cheque was valueless and was filled up by Mr. Stanley without any authority from Lass, but we do not accept the remainder of his story. We have not overlooked the fact that Mr. Stanley had to give some explanation of why he himself had filled in the body of the Lass cheque for £27,000, and was driven to give the somewhat fanciful explanation already set out.

119. Early in June 1948 the prosecution now having been withdrawn, and the Board of Trade, because of further complaints, having threatened to reduce the paper allocation of Shermans Pools Ltd., Mr. Harry Sherman discussed the question of his paper allocation with Mr. Stanley to secure his assistance in having the allocation increased. On the 6th June 1948 Mr. Harry Sherman wrote to Mr. Stanley enclosing copies of the correspondence, including a letter of his of the 4th June, addressed to Mr. Gray.

120. On or before the 23rd June 1948 Mr. Stanley was asking for further money from Mr. Sherman. On that day, Mr. Harry Sherman was in London and agreed to let Mr. Stanley have a further payment of £7,000. He had not got his cheque book with him, and, though there was no apparent urgency, he borrowed a cheque form from his nephew, Mr. Archie Sherman, and then and there filled in the cheque form for £7,000 and gave it to Mr. Stanley. Mr. Stanley in return gave his cheque in favour of Mr. Harry Sherman for £7,000 which was dated the 23rd June 1948. According to Mr. Sherman, this payment of £7,000 was by way of loan. According to Mr. Stanley, this payment of £7,000 was as to £5,000 further on account of his commission of £50,000, for his services in connection with the flotation of Shermans Pools Ltd., and as to £2,000 for the promised donation to the Freedom and Democracy Trust.

121. Incidentally Mr. Stanley was of opinion that he was entitled to retain this sum of £2,000 until he was paid the balance of £27,000, half his commission plus the donation.

122. It may be a coincidence or it may be a case of cause and effect, but after the cheque for £7,000 had been given to Mr. Stanley, he and Mr. Harry Sherman on the same day visited Mr. Belcher at the House of Commons, with a view to inducing Mr. Belcher to reconsider the paper allocation of Shermans Pools Ltd. Mr. Belcher then promised to consider the matter further the next day, and made an appointment with Mr. Harry Sherman at the Board of Trade offices for this purpose.

123. On the same day, Mr. Stanley introduced Mr. Harry Sherman to Mr. Glenvil Hall also at the House of Commons (paras. 282 and 283).

124. Mr. Sherman says Mr. Stanley had told him that he would be able to arrange with Mr. Belcher for the increased allocation and advised Mr. Sherman that he could tell Mr. Belcher that Shermans Pools Ltd., had exceeded their existing allocation, and to that extent infringing the regulations. On the 24th June 1948 Mr. Harry Sherman kept the appointment at the Board of Trade with Mr. Belcher, and there saw him and Mr. Gray, when the matter was discussed. In the course of the discussion, Mr. Sherman disclosed the fact that he had exceeded his paper allocation, and Mr. Gray immediately said that if this really was so, they would have to take a very serious view of the position. Either Mr. Gray or Mr. Belcher said that they would obviously have to get the investigating officers to go into the matter in detail at the Cardiff offices of Shermans' Pools, Ltd., meaning of course, with a view to further action.

125. Although this must have come as a shock to Mr. Sherman, apparently he made no immediate attempt to get into touch with Mr. Stanley and get his explanation as to the very bad advice the latter had given to him, and Mr. Sherman is extremely vague as to when he saw Mr. Stanley again, although he agreed he did see him on a few occasions between then and the 27th July 1948. On the 9th July 1948, investigating officers from the Board of Trade visited Mr. Sherman's premises at Cardiff, but, owing to illness, they were not able to commence their investigation on that date, and they subsequently returned on the 26th July.

126. On the 10th July, the Lass cheque which Mr. Sherman says he thought was a valid cheque, according to its date, became due for payment. Mr. Sherman says at or about that date, Mr. Stanley asked him not to present it for about a fortnight, as it was not convenient for Lass to meet it. Before the expiration of that period, according to Mr. Sherman, he again saw Mr. Stanley to enquire whether he should present the cheque, and was again asked to postpone the presentation for Lass' convenience. During this period, Mr. Sherman informed Mr. Stanley of the proposed further investigation by Board of Trade officers, and, we are satisfied, Mr. Stanley sought assistance to prevent their proceeding with their investigation. About this period, it would appear from the evidence of Mr. Belcher that Mr. Stanley asked him if the investigation could at least be postponed until he had completed a business deal with the Shermans. Mr. Belcher says he replied that the matter must take its course.

127. About this time, Mr. Harry Sherman approached Mr. Rufus Williams again to ask him to make representations to Mr. Belcher in relation to the paper allocation and also, we think, the new investigation. Mr. Rufus Williams, on hearing that the investigators were in, according to his own account, said he could not interfere because the matter was again "sub judice". However, it is clear that Mr. Rufus Williams spoke to Mr. Belcher about the matter, and Mr. Belcher himself says that about the end of July he told Mr. Stanley to tell his friend, Mr. Sherman, not to pester him through Mr. Rufus Williams.

128. At the end of July or beginning of August, after Mr. Belcher had spoken to Mr. Stanley in reference to Mr. Rufus Williams, someone, refusing to give his name, telephoned Mr. Williams and told him to keep out of Sherman's affairs. Mr. Williams informed Mr. Belcher of this fact and the latter promised to see to it. About the same time, Mr. Sherman, according to his evidence, was pressing Mr. Stanley for repayment of the sum of £12,000 which he said he had lent to Mr. Stanley, on the security of the Lass cheque. According to Mr. Sherman, Mr. Stanley told him that he was not going to repay the £12,000 because he, Stanley, had had

to distribute the money in connection with the withdrawal of the prosecution. According to Mr. Sherman, Mr. Stanley said that of £5,000 of the money he had given half to Mr. Belcher and half to Sir "Arthur" Soskice, and that, in addition, he, Stanley, was paying Belcher £50 a week, and giving Mrs. Belcher £100 or so whenever she required it. Mr. Stanley denies that he made any such statements or that any such conversation at that time took place.

129. After this conversation, Mr. Sherman spoke to Mr. Rufus Williams and told him the history of his relations with Mr. Stanley, whom he described to Mr. Williams as a "Jewish party" without naming him and whom Mr. Williams, for convenience' sake, referred to in his evidence as "Mr. X", and told him of the allegation that he said Mr. "X" had made that he distributed the money, part going to Mr. Belcher. Mr. Williams advised Mr. Sherman, according to their evidence, that Mr. Sherman should see Mr. Belcher and tell him of the accusation, and Mr. Williams agreed to communicate with Mr. Belcher to try to induce him to see Mr. Harry Sherman.

130. Mr. Rufus Williams communicated with Mr. Belcher, but the exact date upon which this took place was in dispute. Mr. Williams originally thought he saw Mr. Belcher on the 9th August 1948. When Mr. Belcher's diary was examined, it became reasonably clear that he could not have seen Mr. Belcher on that date, and he agreed that it was probably the 5th August upon which he saw him. Mr. Belcher, on the other hand, was not at all clear as to the date, and believes it was much later than this. In our view, having regard to the information contained in the diary, we think that Mr. Williams saw Mr. Belcher about 5 o'clock in the afternoon of the 5th August 1948 and then told him that Mr. Sherman had said that Mr. "X" had made a statement to the effect that he had used Sherman's money to bribe Mr. Belcher to withdraw the prosecution. Mr. Williams suggested to Mr. Belcher that in his own interests he should see Mr. Harry Sherman, and Mr. Belcher consented to do so, and, in fact, did so on the 11th August at the Savoy Hotel.

131. Prior to the 5th August, Mr. Stanley had decided to give a so-called birthday party on that date to Mr. Belcher. He had arranged for a birthday cake and invited Mr. and Mrs. Belcher and some nine other guests to be present at the Garter Club, and Mr. Belcher had accepted the invitation. Mr. Cross and his wife were also present. It was a lavish party, and the cost, including the drinks, amounted to £88 19s. 0d. According to Mr. Belcher, he went to this party although extremely angry with Mr. Stanley at the time. The reason he gave for his anger was that Mr. Rufus Williams had told him about the anonymous telephone message, and he attributed that message to Mr. Stanley. It is difficult to accept this explanation as Mr. Belcher requested Mr. Stanley to persuade his friends, the Shermans, to stop pestering him through Mr. Rufus Williams. It may, however, be that the fact that this request was made anonymously to Mr. Rufus Williams annoyed Mr. Belcher, and that he felt Mr. Rufus Williams had some cause for complaint. Mr. Stanley denied that he was the person responsible for ringing up Mr. Rufus Williams, and, indeed, some days afterwards instructed private detectives to make enquiries to find out the authors of the anonymous telephone message.

132. If, as we think, Mr. Rufus Williams saw Mr. Belcher at 5 o'clock on the 5th August 1948 and then told him of the accusations alleged by Mr. Sherman to have been made by Mr. "X," Mr. Belcher had much greater reason for his anger. If he had been so informed at that time, it may seem

a little remarkable that Mr. Belcher went to the party at all, but on the other hand he had by this time already accepted Mr. Stanley's invitation to be present with Mrs. Belcher, and knew that Mr. Cross and his wife and Mr. Haworth had also been invited, and he may have felt that he could not refuse to attend unless he was prepared to give his reasons, which would involve a disclosure of the accusations alleged to have been made against him. As will appear later, on this date and for some little time afterwards, Mr. Belcher did not desire to make such a disclosure even to his wife or his old friend, Mr. Haworth, or to Mr. Cross. According to the evidence of Mr. Haworth, who was one of the guests, the atmosphere remained strained throughout the evening, in spite of the efforts of himself and others of the guests to create a more cheerful atmosphere.

133. Mr. Belcher did not meet Mr. Stanley personally again after the 5th August 1948. Mr. Belcher attempts to explain this by saying that Mr. Stanley went away a few days afterwards on his holiday to Bourne-mouth, and was away until after the meeting between Mr. Harry Sherman, Mr. Abraham Sherman, Mr. D. Rufus Williams and Mr. Belcher on the 11th August 1948 at the Savoy Hotel, when Mr. Harry Sherman told Mr. Belcher of the allegations which he said Mr. Stanley had made about him. There is a direct conflict of evidence as to what was said on that occasion.

134. According to Mr. Belcher, Mr. Harry Sherman told him that he had paid Mr. Stanley £5,000 before the withdrawal of the Sherman prosecution, and that Mr. Stanley had said that he had divided that sum equally between Mr. Belcher and Sir Frank Soskice, and that there were other people to be looked after, including Mr. Gray. Mr. Sherman added that after the prosecution was stopped, Mr. Stanley asked for a further £5,000 to give to the same two persons, because Mr. Belcher was a heavy spender and Sir Frank Soskice was expensive, and that Mr. Sherman had paid that further sum to Mr. Stanley. Mr. Belcher also says that Mr. Sherman told him that Mr. Stanley had said that he was paying Mr. Belcher £50 a week and giving Mrs. Belcher about £100 from time to time when she asked for it. Mr. Belcher further said that he was told by Mr. Sherman that the latter had had a further transaction with Mr. Stanley and had lent to him the sum of £12,000 on the security of a Lass cheque for £27,000, which loan Mr. Stanley was now refusing to repay. If Mr. Belcher's account is accurate, it means that Mr. Sherman was saying he had, in fact, paid to Mr. Stanley the sum of £10,000 to secure the withdrawal of the prosecution, partly before and partly after the withdrawal, and in addition lent to him a further sum of £12,000 on the security of the Lass cheque.

135. According to Mr. Sherman's account of that conversation, he told Mr. Belcher that he had lent to Mr. Stanley the sum of £12,000 on the security of Lass' cheque for £27,000, and Mr. Stanley's own cheques for £5,000 and £7,000. He told Mr. Belcher that when he pressed Mr. Stanley for the money, Mr. Stanley had told him that he had distributed it, and said at the same time that he was paying Mr. Belcher £50 a week and giving to Mrs. Belcher sums of £100 whenever she required it. According to Mr. Sherman, Mr. Stanley further said that of £5,000 of the money which he had received by way of loan from him, he had given half to Mr. Belcher and half to Sir Frank Soskice. Mr. Sherman denies that he ever said to Mr. Belcher that he had paid £5,000 to Mr. Stanley before the withdrawal of the prosecution, or £5,000 after the withdrawal thereof or in connection therewith. He insisted that the only sums he had paid to Mr. Stanley apart from the alleged betting transactions of 31st March 1948 were the sums of £5,000 on the 1st June and £7,000 on the 23rd June 1948.

136. On Friday, the 13th August, Mr. Sherman paid the Lass cheque into the bank with a request for special clearance. The cheque was not met, being returned with the endorsement, "Another signature required". Mr. Sherman says that on the 14th August 1948, a Saturday, he spoke to Mr. Stanley about the non-payment of the Lass cheque, and Mr. Stanley told him that he had no right to have presented the cheque, and that he, Mr. Sherman, had better destroy it. Whereupon Mr. Sherman said he became excited and lost his temper and had little recollection of the remainder of the conversation. On Sunday, 15th August, Mr. Sherman says that he was informed on the telephone by one of the directors of H. Lass Ltd. that the cheque was a forgery and that it had been stolen and that one of his co-directors had already informed the police about the matter.

137. On the Monday, 16th August, Mr. Sherman, although, as he says, with little hope, paid into his bank Mr. Stanley's two cheques of £5,000 and £7,000, with instruction for special clearance. Neither of these cheques was met, but each was returned with the endorsement, "Account closed". Mr. Sherman did not, as one might expect, if his information was correct, communicate with the police.

138. On the 12th August, the day after his interview with the Shermans, Mr. Belcher started on his holidays at Bideford. Before leaving he took no steps in relation to the accusations which had been made against him, and did not communicate in any way about the matter with Sir Frank Soskice or Mr. Gray.

139. Mr. Sherman knew Mr. Belcher was on his holidays, but when he learnt of the return of the three cheques, he communicated with Mr. Rufus Williams with a view to securing a further interview with Mr. Belcher. We do not accept Mr. Rufus Williams' evidence to the effect that this further interview was merely a continuation of the one of the 11th August because Mr. Belcher had not then had time to listen to the whole of Mr. Sherman's story. On 15th August 1948, Mr. Rufus Williams went down to Bideford in an aeroplane lent by one of his friends to bring Mr. Belcher back to London for a meeting in connection with the latter's Ministerial duties. On the 16th August 1948, Mr. Belcher was in London, but again took no steps in relation to the accusations made against him. He was later escorted back to Bideford in the aeroplane by Mr. Rufus Williams. Either on that occasion or by telephone, Mr. Rufus Williams persuaded Mr. Belcher once more to see the Shermans. Mr. Harry Sherman says that this further visit was sought by him merely to inform Mr. Belcher that the cheques had not been met, and that the Lass cheque had been stolen and forged. Why Mr. Belcher should be interested to know of this, Mr. Sherman could not explain.

140. On the 18th August, Mr. Harry Sherman and his brother, Mr. Abraham Sherman, went to Barnstaple where an appointment had been made for them by Mr. Rufus Williams to see Mr. and Mrs. Belcher. According to Mr. Belcher, Mr. Harry Sherman repeated in the presence of Mrs. Belcher the statements he had made on the 11th August at the Savoy Hotel, including the statement that he had paid two sums of £5,000 to Mr. Stanley, one before and one after the withdrawal of the Sherman prosecution. Mrs. Belcher was angry and indignant at the suggestion that she had received money from Mr. Stanley. She became so annoyed that she says she has little recollection of the remainder of the interview. According to Mr. Belcher, towards the end of the interview, one of the Shermans said it had been suggested that the cheque should be handed over to the police, and they wanted to know Mr. Belcher's opinion as to what they should do

about it. Mr. Belcher replied that they should certainly hand the cheque to the police. Later Mr. Abraham Sherman, in what Mr. Belcher describes as a half smiling way, attempted to raise again the question of the increase of the paper allocation, but Mr. Belcher said, "No, we are not going to do that, Mr. Sherman." Some remark was made by Mr. Abraham Sherman that if the cheque was handed over to the police there would be some mud sticking to Mr. Belcher's name, which would inevitably be brought into the case. Mr. Belcher's recollection upon this matter is in some degree supported by the evidence of Mr. Haworth, who impressed us as a reliable witness, and who told us that his recollection was that Mr. Sherman said, "You know this is going to make it very uncomfortable for you, Mr. Belcher", to which Mr. Belcher replied, "Do not worry about me; you go to the police".

141. The impression made upon Mr. Belcher was that the Sherman's seeming reluctance to hand over the cheque to the police and the reference to mud sticking was that they were seeking to suggest to him that if he was prepared to do something for them in respect of their paper allocation, they were prepared to withhold the cheque from the police and take no further action in the matter. As a result of this impression, Mr. Belcher says that he said to the Shermans, "I have nothing to fear. You go ahead as I have suggested". Mr. Harry Sherman denies that there was any suggestion of mud sticking. We are of the opinion that both these interviews were sought by the two Shermans to further their own ends of obtaining additional paper allocation.

142. The Shermans, after leaving Barnstaple, did not communicate with the police or take any steps against Mr. Stanley.

143. According to the evidence of Mr. Belcher and Mr. Haworth, during the holiday at Bideford, Mr. Belcher appeared extremely worried and did not at first say what was the cause of his trouble. After he had heard from Mr. Williams and made the appointment for the Shermans to see him at Barnstaple, Mr. Belcher, on the 17th August 1948 confided in Mr. Haworth, who was staying down there with him, the cause of his worry, which was the nature of the accusations made against him. After the interview of the 18th August 1948 there was a further discussion between Mr. Belcher and Mr. Haworth, when the latter very properly advised Mr. Belcher in the following terms: "It would be a jolly good job if you went to the Prime Minister about it as soon as you can and let him have all the facts." Mr. Belcher's response to this was that he agreed, and that as soon as he got back he was going to try to have this thing cleared up. However, Mr. Belcher took no steps about the matter whilst he remained on holiday, in spite of the fact that the good name of others as well as of himself was involved.

144. On Thursday, the 26th August, Mr. Rufus Williams telephoned to Mr. J. R. Cross and asked him to come and have lunch with him. Mr. Cross accepted the invitation, and the first matter raised at the lunch, Mr. Cross says, was an allegation by Mr. Sherman that Mr. Belcher and Mr. Cross and Mr. Gray had been bribed. Mr. Williams started by giving Mr. Cross an account of how the Shermans had met Mr. Stanley, and their meeting with Mr. Belcher at Mr. Stanley's flat, and mentioned also the fact of the death of the Stipendiary Magistrate at Cardiff. Mr. Williams went on to tell Mr. Cross that Mr. Stanley had approached the Shermans and told them that for £5,000 he could bribe Belcher, Gray and Cross, and get the prosecution dropped. He further said that the Shermans had paid over the money and the prosecution had been dropped, whereupon Mr. Stanley had returned to

the charge and said these people had proved more expensive than he anticipated, and he would need another £5,000 to pay them off, and that this sum was given to him by Mr. Sherman. Mr. Williams then went on to tell Mr. Cross there were some transactions with the Shermans about turning Sherman's Pools Ltd. into a public company, and also some house property deals, including Aldford House. He said on that occasion the Shermans had advanced Mr. Stanley money against the security of a cheque for £27,000, drawn on a large London firm, and also certain cheques of Mr. Stanley. He also told him that after an interview in June 1948 between Mr. Harry Sherman and Mr. Gray, investigators had been put into Shermans Pools, Ltd., and that Mr. Sherman had gone to Mr. Stanley and asked Mr. Stanley what he should do. Mr. Stanley had replied it would be quite all right, that he had these people in his pocket, and that he paid John Belcher £50 a week and that frequently when Mrs. Belcher wanted any money, she used to ring him up and he would give her £100, and the Shermans were not to worry about any threat of prosecution. Mr. Williams then told Mr. Cross about the interview between the Shermans and Mr. Belcher at the Savoy Hotel on 11th August, and of the interview at Barnstaple on 18th August. Mr. Williams went on to say that he was rather worried about the whole thing, and suggested that Mr. Cross should talk to Mr. Gray about it. Mr. Williams said that he thought that if the Shermans had a real grievance about their paper allocation, and they felt they could get fair treatment, they might be prepared to forget all about the cheques and avoid all the unpleasant publicity that would result if they were to prosecute Mr. Stanley. At this interview we are quite satisfied that Mr. Rufus Williams was acting as agent for and upon the instigation of the Shermans, with whom he had been in communication by telephone on two occasions at least after the Barnstaple interview. On the following day, the 27th August, Mr. Williams again communicated with Mr. Cross and told him the Shermans were pressing him, but he, Mr. Williams, was asking them not to do anything. On Monday, the 30th August, Mr. Williams again rang up Mr. Cross and said he had advised the Shermans not to do anything until Mr. Belcher returned from his holiday.

145. Mr. Williams gives a totally different account of this conversation. He denies that he told Mr. Cross that the Shermans had paid any money to Mr. Stanley for the withdrawal of the prosecution. He says the only financial transactions to which he referred were the payments of £5,000 and £7,000 which he says the Shermans told him were given for a special purpose, and Mr. Stanley had misused that money, saying he had distributed it to secure the withdrawal of the prosecution. Mr. Williams further denies that he told Mr. Cross that he had advised the Shermans not to take any action until Mr. Belcher returned home. Mr. Williams says that what he asked should remain over until Mr. Belcher returned home was a proposed arrangement for some political meeting which he desired Mr. Belcher to address some time in October. Having seen Mr. Cross and noted his demeanour, and seen also the memorandum he made on the 31st August, and having contrasted that with the demeanour and the evidence of Mr. Williams, we prefer Mr. Cross's account of the interview, and accept it as being substantially correct.

146. Although in this part of our report we are dealing particularly with the case of Mr. Belcher, it is only right to say as a matter of history that Mr. Cross, immediately he was informed of the accusation of Mr. Rufus Williams, consulted Mr. Gray, and subsequently other superior officials. We shall deal in detail with Mr. Cross's actions in this respect when we come to consider the accusations made against him (para. 323).

147. On the afternoon of the 2nd September, Mr. Belcher returned from his holiday, and on the morning of the 3rd September, Mr. Stanley rang up Mr. Belcher's private house and the telephone was answered by Mrs. Belcher. Mr. Stanley started his conversation by saying that his wife had gone to America and that Mrs. Belcher could expect to have a letter from Mrs. Stanley. Mrs. Belcher cut Mr. Stanley short by telling him that she was disgusted with what he appeared to have done to their name, and put the receiver back.

148. Mr. Belcher recommenced duties in his office at the Board of Trade on the morning of the 3rd September. At that time the President, Mr. Wilson, was away, but he returned to his office for one day on the 6th September, and, in fact, both he and Mr. Belcher were present that day at the Board of Trade offices. Mr. Belcher says he did not know of the President's presence on that day. Up to this time, Mr. Belcher had done nothing in relation to the accusations made against him, and apparently had taken no steps either to write to or to see the President or the Secretary of the Board of Trade or to see the Prime Minister as Mr. Haworth had suggested or to inform the Solicitor-General or Mr. H. J. Gray of the accusations which had been made against them.

149. On the 10th September, the President of the Board of Trade returned to his office, and on that morning Mr. Belcher found an entry in his diary: "The President, 3 o'clock". According to Mr. Belcher he did not see the President earlier that day because he knew he would be seeing him at 3 o'clock in the afternoon. Mr. Belcher saw the President at 3 o'clock. The President's recollection of what was said was not very clear, but he does say that Mr. Belcher gave a fairly full account both of his first meetings with Stanley and of his subsequent dealings with him. After seeing the President, Mr. Belcher came back and saw Mr. Cross and said to him: "I believe you know all about this. It is a very bad business." Mr. Belcher then tried to get in touch by telephone with Mr. George Gibson and Mr. Glenvil Hall, but was unsuccessful in doing so. Mr. Belcher was anxious to see Mr. Gibson after his interview with the President. He went down to Margate on the 9th September during the Trades Union Congress at Margate, and hoped to see Mr. Gibson there, but missed him.

150. In the meantime, Mr. Harry Sherman approached Mr. Gibson to endeavour to obtain a further interview with Mr. Belcher. We are satisfied this was done in pursuance of his continuing attempt to obtain an increase in the paper allocation through Mr. Belcher, notwithstanding what had happened. A meeting took place on the 16th September 1948 at the Garrick Hotel between Mr. Gibson, Mr. Sherman and Mr. Belcher. At this meeting, Mr. Sherman again raised the question of his paper trouble, but Mr. Belcher told him that so far as his paper allocation was concerned, he would just have to wait until the end of the current licensing period, and then put in his application in the proper manner. Mr. Sherman also raised the question of Mr. Stanley's failure to repay the money due to him, and of his allegation of bribes to Mr. Belcher. Mr. Belcher responded the matter was now in the hands of the Lord Chancellor, and there was no point in talking about it. On receiving this information, Mr. Sherman, according to Mr. Gibson, was greatly dismayed.

151. On 24th September 1948 the Lord Chancellor wrote to Mr. Belcher asking for a statement in writing about Mr. Belcher's dealings with the Shermans in connection with their paper allocation. A postscript was added to the letter in the following terms: "Would you also, if you can find time, just deal with any associations you may have had with Stanley?". This

letter was written because the Lord Chancellor was going away on Ministerial business to the Continent during the following week. On 4th October, Mr. Belcher replied to the Lord Chancellor, purporting to set out his relations with Mr. Stanley, and his connection with the withdrawal of the Sherman prosecution. In the witness box, Mr. Belcher agreed that his letter to the Lord Chancellor was "inadequate". His letter omits any reference to the payment by Mr. Stanley for the stay of Mr. Belcher and his family at Margate or to the gift of the gold cigarette case or to the present of the suit of clothes or the continuous hospitality that he was receiving at Mr. Stanley's flat.

152. In dealing in his letter with the withdrawal of the prosecution, Mr. Belcher referred to his meeting with Mr. Sherman at Mr. Stanley's flat and said:

I was very angry and told Stanley he should have known better than to have Sherman and me together while the possibility of reopening the prosecution was still under discussion. I refused, of course, to talk about the case at all, and again told Mr. Sherman that so far as the prosecution was concerned, I would certainly not interfere with the proper functioning of the Board of Trade machinery, while so far as his paper quota was concerned, he should await the result of the deliberations about the prosecution and then make such applications as he thought fit officially. It was decided in my absence eventually not to proceed with the prosecution, and I believe at the time I held the view, though not particularly strongly, that it was the better course.

153. In the original statement, the words "in my absence" are interlined as an addition to the phrase "It was decided eventually not to proceed with the prosecution". The whole of the letter was in Mr. Belcher's own handwriting, and covered sixteen foolscap pages.

154. It is quite clear, and indeed Mr. Belcher now admits, that the decision not to prosecute was not made in his absence, but was in fact made by him. It is difficult to understand how it was possible for him to make this misstatement to the Lord Chancellor, in view of what had happened. If he had felt that his memory was not to be trusted, one would have expected him to send for the files which were readily available, where he would have found his own minute. The only explanation he could give of this misstatement was that he had forgotten what had taken place, but as the allegation of bribery of him related to the withdrawal of this particular prosecution, it is hard to believe that he trusted solely to his memory.

155. If Mr. Belcher had a clear conscience about the withdrawal of that prosecution and had acted solely in what he describes as the interests of justice, his conduct after the accusation was made against him is inexplicable. The accusation was an extremely serious one, involving others, and one would think immediate steps would have been taken by him if not to refute the allegation, at least to prevent its repetition, but Mr. Belcher did nothing from the 11th August, and, indeed, as we think, from the 5th August, until the President had made an appointment for him to see him on the 10th September. It does not follow from this attitude of Mr. Belcher that he received any payment in money for the withdrawal of the prosecution, but it does, in our view, suggest that he realised that what he had done on that occasion was wrong, and that he did not desire to have the matter immediately investigated. His letter to the Lord Chancellor also failed to disclose his intimate relationship with Mr. Stanley, and the gifts and hospitality that he had been receiving from him since May 1947 and showed a marked lack of candour. In our view, even at that time Mr. Belcher was hoping that his

statement would be accepted by the Lord Chancellor, and that no further inquiry would ensue. His conduct after the withdrawal of the prosecution confirms our view that the decision made by Mr. Belcher to withdraw the prosecution was made at the suggestion and under the influence of Mr. Stanley, and because of the obligations Mr. Belcher felt he owed to Mr. Stanley for the many benefactions he had received.

156. This question which we have been considering, serious as it is, is not so serious as the allegations made by Mr. Harry Sherman or reported by Mr. Sherman to have been made by Mr. Stanley as to the payments of money to Mr. Belcher. We have carefully investigated Mr. Belcher's bank account, and that of his wife, and the savings accounts of his children, including Mrs. Belcher's Co-operative Society Investment Account. We can find no trace of any unexplained sums passing through the hands of Mr. or Mrs. Belcher. It is true this does not exclude the possibility of money being received and hidden in a safe deposit or placed in an account under some other name, but there is no reflection in Mr. or Mrs. Belcher's accounts of personal or household expenditure in excess of what was available to him from his salary.

157. There is some evidence that he indulged in betting at the dog races when he attended there with Mr. Stanley, but no evidence that he wagered any large sum in this respect. There was a suggestion alleged by Mr. Sherman to have been made to him by Mr. Rufus Williams that he, Mr. Williams, had been told by Mr. Haworth that on one occasion, Mr. Belcher returned from the races at Ascot with large numbers of notes in his possession, and also that he had been betting heavily with Mr. Alfred Cope, and not paying when he had a losing account. Mr. Cope is the managing director of Cope's Pools, Ltd., and David Cope, Ltd., bookmakers. When this evidence is analysed it depends upon the evidence of Mr. Harry Sherman, upon whose reliability as a witness we have previously had to comment. Mr. Williams denies that he was told any such story by Mr. Haworth, and says he repeated to Mr. Sherman a story he had heard many months before in the smoking room of the House of Commons. Mr. Williams denies that he said anything to Mr. Harry Sherman about betting accounts with Mr. Cope or non-payment of such accounts. Mr. Haworth denies that he ever told Mr. Williams of any such incident and further denies that any such incident took place, and Mr. Belcher also denies these incidents. We are satisfied that no such incidents ever took place, and that Mr. Sherman's evidence is really a repetition of groundless gossip retailed to him by Mr. Rufus Williams.

158. We are equally satisfied from the evidence of Mr. Haworth and Mr. Cope that no betting transactions took place between Mr. Cope and Mr. Belcher and Mr. Sherman's evidence in this respect of what he says he was told by Mr. Rufus Williams has no basis in fact.

159. The allegations made to Mr. Belcher and about Mr. Belcher by Mr. Sherman in his evidence are unsupported by any other witness. The fact that Mr. Sherman told Mr. Belcher, as we are satisfied he did, that he had paid the two sums of £5,000 to Mr. Stanley before and after the withdrawal of the Sherman prosecution and in connection therewith does not convince us that such payments were, in fact, made. We think that Mr. Sherman may be right when he says that Mr. Stanley told him that he had distributed the £5,000 paid to him by Mr. Sherman on the 1st June 1948 to Mr. Belcher and the Solicitor General to secure the withdrawal of the prosecution, but again it does not follow that because Mr. Stanley said this that in fact he had ever done so.

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160. Mr. Sherman says that he did not believe Mr. Stanley's statements and thought it was merely an excuse on Mr. Stanley's part to avoid repayment of what Mr. Sherman describes as loans. We take the view that Mr. Sherman made this statement that he had in fact paid these sums to Mr. Stanley in order to add further force to the accusations which he said Mr. Stanley had made and that he was doing this with the object of obtaining an increased paper allocation. This is indicated by Mr. Sherman's conduct. His first meeting on August 11th had this object in view. When the cheques were refused payment and he heard from a director of Lass that the cheque had been stolen and forged he thought that this gave him added material to bring pressure on Mr. Belcher and that was the reason for his desire for the second meeting. The Shermans' attitude was disclosed at that meeting by again raising the question of the paper allocation and the suggestion that if proceedings ensued mud would stick to Mr. Belcher's name. Although Mr. Harry Sherman denies that this suggestion was made we prefer Mr. Belcher's evidence on this point and are satisfied it was made by Mr. Abraham Sherman.

161. The subsequent meeting on the 26th August between Mr. Cross and Mr. Williams was in our view also arranged in furtherance of the same idea. Mr. Rufus Williams' statement, which we find he made to Mr. Cross on Monday the 30th August, that he had induced the Shermans to take no action before Mr. Belcher's return, was made in the hope that Mr. Belcher and possibly Mr. Cross and Mr. Gray as well would be prepared to agree to an increase in the paper allocation to prevent further action by the Shermans. The further meeting sought by Mr. Harry Sherman through Mr. Gibson with Mr. Belcher on the 16th September was his final effort in the matter. It was only when it was disclosed to him that the matter was being investigated by the Lord Chancellor that he desisted from further effort.

162. In these circumstances we cannot rely on the statement made by Mr. Harry Sherman to Mr. Belcher that he had paid these two sums of £5,000 to Mr. Stanley in respect of the withdrawal of the prosecution in addition to the sum of £12,000 which he told Mr. Belcher he had paid as a loan. The fact that Mr. Stanley denies the receipt of these two sums by no means convinces us that he did not receive them. Neither does the fact that he denies that he made the statements as to the distribution of the money or the payment of £50 a week to Mr. Belcher or £100 from time to time to Mrs. Belcher convince us that he did not make such statements to Mr. Sherman. If Mr. Stanley did make these statements to Mr. Sherman it does not in the least follow that they were true. Apart from the evidence of Mr. Belcher as to what he says Mr. Sherman told him in August of the payment of these two sums of £5,000 in respect of the withdrawal of the prosecution there is only the evidence of Mr. Cross as to the statement which he says Mr. Rufus Williams made to him on the 26th August 1948 in relation to the same matter. Mr. Rufus Williams denies that he made such a statement although we are satisfied that he did so. Mr. Rufus Williams' source of information could only be Mr. Harry Sherman who in turn denies that he made any such statement to Mr. Rufus Williams. There really is no reliable evidence upon which we can come to a conclusion that these two sums were, in fact, paid by Mr. Sherman to Mr. Stanley. Fortunately it is not necessary for the purposes of this report that we should come to a final conclusion upon this question although it may well be that these sums were paid to Mr. Stanley.

163. The real question for our consideration is whether Mr. or Mrs. Belcher received any of this money or of the subsequent sum of £5,000 paid to Mr. Stanley on the 1st June or of the £7,000 paid on the 23rd June or any other sums from Mr. Stanley. Mr. and Mrs. Belcher from the start firmly denied

the receipt of any sums from Mr. Stanley and there is no evidence to prove that any such sums were paid to, or received by, Mr. Belcher in connection with the withdrawal of the prosecution or the applications for increased paper allocations or of the receipt by Mrs. Belcher of any sum of £100 or other sum from Mr. Stanley. In this state of the evidence we cannot find that Mrs. Belcher received any such sums or that Mr. Stanley paid to Mr. Belcher any money in respect of the withdrawal of the prosecution. We do not think Mr. Stanley would be likely to pay any such sums unless it was necessary, and as Mr. Belcher had already shown that he was, as a result of Mr. Stanley's gifts and hospitality, prepared to assist him and his associates it was unnecessary from Mr. Stanley's point of view to make any such payment to secure his purpose.

164. We are also satisfied that if, as Mr. Sherman alleges, Mr. Stanley had told him that the pool promoting companies were offering Mr. Belcher £50,000 or £100,000 to put Sherman's Pools Ltd. out of business, that this was equally untrue. We are further satisfied that if Mr. Stanley said, as Mr. Sherman alleges, that the £5,000 paid by Mr. Sherman to Mr. Stanley on the 1st June 1948 was distributed in part to Mr. Belcher, that this again is untrue and having regard to the dates, wholly improbable.

165. What was the true nature of the transaction in relation to the payments by Mr. Sherman to Mr. Stanley of the £12,000 we find it quite impossible to say. Mr. Stanley's story of the transaction is quite fantastic. Mr. Sherman's story seems to us also highly improbable. As we have been informed that the matter is already the subject of litigation between them we feel it wiser to say nothing further about the matter. It is not necessary for us to come to a conclusion for the purpose of dealing with the matters upon which we have to report as there is no evidence that any part of this sum of £12,000 was received by Mr. Belcher or Mrs. Belcher or any officials whom Mr. Stanley met.

166. We may summarise our conclusions as to the Sherman transactions in which Mr. Belcher and Mr. Stanley were interested by saying that we find that there is no evidence of sums of money being paid to Mr. Belcher for anything he did. We are, however, satisfied that his action in withdrawing the Sherman prosecution was influenced by the persuasion of Mr. Stanley acting on Mr. Sherman's behalf and that, because of the benefactions of Mr. Stanley to him, Mr. Belcher allowed himself to be improperly influenced. So far as the applications by Sherman's Pools Ltd. for an increased paper allocation were concerned Mr. Belcher did not yield to the persuasion of Mr. Stanley, but in our view this was because of the determined attitude which Mr. H. J. Gray adopted after the withdrawal of the prosecution against any increase in this allocation.

(d) The Berkeley Square case

167. Another company in whose affairs Mr. Stanley interested himself was Lewis Berger & Sons Ltd. of No. 35 Berkeley Square, London. Mr. William Jaffa Darby is group managing director of this company. Lewis Berger were occupiers of the premises at No. 35 Berkeley Square and they also had acquired a lease of some vacant land, the buildings on which had been destroyed by enemy action, at No. 38 Berkeley Square. They were desirous of building upon this vacant site but had been unable to obtain a licence so to do. They therefore secured a lease of the premises at No. 34 Berkeley Square which had previously been used for flats. They had applied for a licence to do certain work at No. 34 Berkeley Square to fit the premises for

use as offices, but there was a delay in the granting of the licence, which they were urgently anxious to obtain. Mr. Darby patronised Mr. Hirsch Teper as his tailor and apparently also treated him as a personal friend. Mr. Teper was also patronised by Mr. Stanley and it was Mr. Teper who made the suits for Mr. Belcher, Mr. Gibson and Mr. Key (paras. 74, 218 and 273). Having heard of Mr. Darby's difficulties Mr. Teper mentioned them to Mr. Stanley and arranged a meeting between Mr. Darby and Mr. Stanley on the 22nd July 1948.

168. At this meeting Mr. Stanley told Mr. Darby that he knew all about Lewis Bergers' application for licences and said he had seen the files and appeared to disclose a knowledge which Mr. Darby himself did not possess. Mr. Stanley told Mr. Darby that he would not only be able to get for him a licence to do the work at No. 34 Berkeley Square but would be able also to procure a licence for the rebuilding on the bombed site at No. 38 Berkeley Square. He told Mr. Darby that he would have to get support from the Board of Trade and the Ministry of Health and the Capital Issues Committee before a licence by the Ministry of Works would be granted and that the way to get a licence was to apply in respect of one floor at a time for work costing about £20,000 for each floor. Mr. Darby asked Mr. Stanley, "What is the drill?" Mr. Stanley's reply was "walls have ears" and he refused to discuss the matter further in Mr. Darby's office, where this interview took place. He asked Mr. Darby to come to his flat at No. 4 Aldford House at five o'clock that evening and told him not to be late because Mr. Stanley was expecting the President of the Board of Trade and the Minister of Works.

169. Mr. Darby went to Mr. Stanley's flat that evening. Mr. Stanley asked Mr. Darby to make a proposition to him for his services in obtaining the licences, and Mr. Darby said that for services of that sort he would be able to pay £500 or even £1,000 if his board of directors approved. Mr. Stanley's reply to this was to put his hands over his head and say, "Chicken feed". Mr. Darby asked him what he wanted and Mr. Stanley's reply was, "£10,000 in £1 notes", to which Mr. Darby replied, "Impossible". Mr. Stanley then said that he realised Mr. Darby might have trouble about the £1 notes and to help he would be prepared to take a cheque for £2,000, but he would want £8,000 in £1 notes as he must have this latter sum to pay for the services that he got, to which Mr. Darby again replied, "Impossible".

170. The account we have set out above is that given by Mr. Darby. It is denied by Mr. Stanley, but we accept Mr. Darby's account of this interview as being accurate. In the course of the conversation Mr. Stanley, apparently to impress Mr. Darby with his ability to obtain these licences, said that Mr. Belcher was coming to the flat. Mr. Darby pointed out that Mr. Belcher was not the President of the Board of Trade, but Mr. Stanley's reply to this was "He is the man that really matters there". Just after that the door bell rang and Mr. Darby then said "Look, this is impracticable, I am certain of that, but anyway I will think about it tonight and let you know tomorrow definitely". The door was then opened and Mr. Belcher came in. Mr. Darby was introduced to Mr. Belcher as the group managing director of Lewis Bergers, who are paint manufacturers and merchants. A discussion took place between Mr. Belcher and Mr. Darby of a bantering nature about the profits of the paint industry and the possibility of the industry being nationalised. Nothing was said about licences at this interview. Certain articles were given by Mr. Stanley to Mr. Belcher in Mr. Darby's presence, Mr. Belcher remarking "Don't forget to send me the bills". Mr. Belcher later left.

171. Shortly afterwards Mr. Key, the Minister of Works, also arrived at Mr. Stanley's flat whilst Mr. Darby was still there. Any licences which Mr. Darby would require for his premises would have to be granted by the Ministry of Works, and no doubt Mr. Stanley had invited Mr. Key to come to his flat with the idea of impressing Mr. Darby, by Mr. Key's presence, of his ability to obtain these licences. Mr. Darby was introduced to Mr. Key and a conversation took place in relation to Mr. Key's experiences many years ago as a school master at the Orchard Street Schools, Hackney, which were just alongside Lewis Berger's premises there. Nothing was said to or by Mr. Key, or in Mr. Key's presence, about any licences.

172. After Mr. Key had departed Mr. Stanley produced a bundle of between ten and twenty buff application forms for licences to the Ministry of Works, saying at the same time that he had got a licence for the factory of Sissons Bros. at Hull. Mr. Darby then left. On the 25th July 1948 he wrote to Mr. Stanley informing him that the whole scheme was impracticable and that he would not proceed further with it. At one of the interviews on the 22nd July the question had arisen as to certain shares in Lewis Bergers which Mr. Stanley said were for sale. Subsequently certain conversations took place between Mr. Stanley and Mr. Darby and Mr. Isaac Wolfson, chairman of Great Universal Stores Ltd., as to the possibility of their purchase, but nothing resulted from these conversations.

173. Mr. Darby, after writing his letter to Mr. Stanley on the 25th July, communicated with his general manager and prepared applications which were eventually sent to Sir John Woods at the Board of Trade in the normal way. When Mr. Darby later told Mr. Stanley of this Mr. Stanley told him that the application would be turned down. Mr. Stanley then offered to do the "licence job" for £2,000, which offer Mr. Darby again refused. The application for the licence which was sent in to Sir John Woods was ultimately refused.

174. The suggestions made in respect of this transaction are that Mr. Stanley was demanding the sum of £10,000 from Mr. Darby in return for a licence and that part of that money would be paid to Mr. Belcher and Mr. Key for their assistance in securing that licence. The whole basis of this suggestion is the fact that after the demand was made Mr. Darby met Mr. Belcher and then Mr. Key at Mr. Stanley's flat and that Mr. Stanley had told Mr. Darby that he would require £8,000 in £1 notes to pay for the services that he would get. We are satisfied that there was no discussion between Mr. Darby and Mr. Belcher or Mr. Key in relation to an application for licences or that any such discussion took place between Mr. Stanley and Mr. Belcher or Mr. Key in Mr. Darby's presence. Mr. Stanley's statement to Mr. Darby that he would have to pay £8,000 for the services which he would get is just another example of Mr. Stanley's reckless disregard of the truth when he thought it was in his own interest to make untrue statements. In our view Mr. Stanley had no intention of paying any money to Mr. Belcher or Mr. Key and was using Mr. Belcher and Mr. Key to give colour to his story to Mr. Darby that he was able to obtain these licences. The suggestions arising out of this matter are quite baseless.

175. One other matter was mentioned by Mr. Darby in the course of his evidence and that was that Mr. Stanley had suggested to him that Mr. Belcher was looking for a position outside the Government and would he find Mr. Belcher a directorship with his company. Mr. Darby replied that he was not able to do so. This conversation is said to have taken place at the end of July or the beginning of August 1948 either on the way to Mr. Isaac Wolfson's office or at that office, according to Mr. Darby. Mr. Stanley says

that he made no such request to Mr. Darby and Mr. Belcher himself denies that he ever discussed such a matter with Mr. Stanley or authorised him to make any such request on his behalf. We are not satisfied that Mr. Darby's recollection upon this matter is accurate as, when pressed, he said it was common talk in London that Mr. Belcher was looking for a job, and this may be how his recollection on this point has become confused. We are satisfied that Mr. Belcher was at that time neither seeking a directorship nor any position outside the Government.

176. In the course of his evidence Mr. Stanley also suggested that there had been another offer of a directorship to Mr. Belcher. He said that when Mr. Belcher visited Mr. Wolfson's office the latter offered Mr. Belcher the position of a director in Great Universal Stores or one of its associated companies. We are satisfied that a discussion did take place as to the type of man that Mr. Wolfson required as a director and that Mr. Wolfson expressed the opinion that Mr. Belcher was of that type. These remarks, however, were only made in the course of a general conversation about the wide scope of the business of Great Universal Stores and the companies which it controlled and was neither intended by Mr. Wolfson nor understood by Mr. Belcher to be an offer of a directorship which indeed Mr. Belcher was not seeking.

177. The visit to which Mr. Stanley was referring was arranged by him with Mr. Wolfson and Mr. Belcher. According to Mr. Belcher and indeed to Mr. Wolfson, the object of this visit was to enable Mr. Belcher to see the organisation of Great Universal Stores and its many associated companies and the work it was doing to assist trade both in this country and abroad and in particular to give employment in development areas. Mr. Stanley's account was that the interview was arranged because of the possibility of Mr. Belcher becoming a director. We do not accept Mr. Stanley's evidence upon this point and are satisfied the reason given for the interview was that stated by Mr. Belcher and by Mr. Wolfson and that Mr. Stanley has exaggerated the casual talk about the type of man Mr. Wolfson desired as a director into an actual offer of a directorship.

(e) *The case in Relation to Amusement Machinery*

178. Another person in whose affairs Mr. Stanley was concerned was Mr. Jacob Harris. Mr. Harris was engaged in the business of amusement catering and was the Vice-President and ex-President of the Amusement Caterers' Association. A friend of his was Mr. Francis Cecil Price who was the managing director of Messrs. Stagg & Russell Ltd., and also the chairman of The New Brighton Tower Co. Ltd., who are amusement caterers. Mr. Price was the Vice-Chairman of the Committee of the Amusement Caterers' Association. Apparently the amusement caterers' business has suffered during the last few years from a lack of novelties in amusement machinery. In the United States of America since the war there has been a number of novel machines and devices invented and manufactured which have not been available in this country.

179. Mr. Harris was a client of a solicitor named Mr. Alfred Bieber who carried on his profession in the style of Alfred Bieber & Bieber in the City of London. Mr. Alfred Bieber also acted as solicitor for Mr. Pritchard to whom we have previously made reference (para. 78). Early in 1948 Mr. Pritchard was induced by Mr. Stanley to give him the sum of £2,500 to be applied in the purchase of shares. For some reason not explained to us the money was not so used and Mr. Pritchard desired it back.

He instructed Mr. Bieber to take legal proceedings for the return of the money. This was done, judgment was obtained and a bankruptcy notice based on the judgment was issued against Mr. Stanley. An appointment for Mr. Stanley to attend at Mr. Bieber's office to be served with the bankruptcy notice was kept by Mr. Stanley on the 3rd June 1948 and in this way Mr. Bieber became acquainted with Mr. Stanley.

180. Some time later in June Mr. Stanley was in Mr. Bieber's office and according to Mr. Bieber told him that he was importing steel in large quantities on behalf of the British Government from the United States of America and because of that had an unused quota to import any kind of goods to the extent of £186,000. Mr. Stanley denies this and says he had no such quota or licence. A few days after this interview Mr. Harris was in Mr. Bieber's office and was complaining about the poor trade in the amusement business because of the lack of novelty machines and devices. Mr. Bieber thought that he might bring Mr. Stanley and Mr. Harris together with the object of persuading Mr. Stanley to part with some of his quota to be used by Mr. Harris for the importation of prototype machines from the United States of America. The idea was to use these machines as models in the manufacture of similar machines by a company to be formed through Mr. Harris. The machines so manufactured would be sold abroad as well as in this country. Further interviews took place and on the 2nd July Mr. Bieber arranged an appointment for Mr. Harris to meet Mr. Stanley at Mr. Bieber's office, but although they were both in the office together, owing to Mr. Bieber's engagements elsewhere they were not introduced.

181. Later on the same day, Mr. Harris was given Mr. Stanley's address by Mr. Bieber. On the 3rd July, Mr. Harris saw Mr. Stanley at Mr. Stanley's flat when the matter was discussed. According to Mr. Harris, Mr. Stanley said he was prepared to divert £150,000, being part of his allocation, to Mr. Harris, provided Mr. Stanley received the sum of £10,000; Mr. Stanley calculated this sum on the basis that he was to receive approximately seven per cent. of the total amount of the allocation transferred to Mr. Harris. A provisional arrangement in the terms of Mr. Stanley's offer was made between Mr. Harris and Mr. Stanley.

182. On the 4th July, Mr. Harris telephoned Mr. Henry Seff, who was a director of a company called Health and Holiday Exhibitions, Ltd., and a friend of both Mr. Harris and Mr. Price, and told him of the proposition. Mr. Seff was interested in the matter and telephoned his friend, Mr. Price, about it. According to Mr. Harris, Mr. Seff then saw Mr. Price, but according to Mr. Price it was Mr. Harris who first saw him about the matter. In the meantime, on the 7th July 1948, Mr. Harris had informed Mr. Bieber that the scheme would probably go through, and a form ILD/A which is an application form for an import licence was filled in by Mr. Bieber, and then signed by Mr. Harris.

183. On the 12th or 13th of July, Mr. Harris met Mr. Price at Mr. Price's office. According to Mr. Price, Mr. Harris told him about the scheme whereby it would be possible to get amusement machinery in large quantities from the United States of America if a licence was applied for "in the manner in which he would tackle it". He said licences could be obtained to import goods to the value of about £150,000 or £200,000. He said this could be done if £10,000 was put in his hands through his solicitor. Mr. Price says, although Mr. Harris denies it, that he asked who was to get the £10,000. To this question Mr. Harris replied that it would be paid to a go-between and divided amongst the go-between and Mr. Belcher and Mr. Glenvil Hall.

Mr. Price is not certain whether the names of Mr. Belcher and Mr. Glenvil Hall were mentioned at the first meeting or the second meeting with Mr. Harris hereinafter referred to, but he is sure the names were mentioned, and that it was stated at the first interview that the money was to be divided between the go-between and the people at the Treasury and the Board of Trade. Mr. Price thought the transaction was a somewhat improbable one, and indeed told Mr. Harris that it savoured of a confidence trick. Mr. Harris in reply said that the £10,000 would be paid to the solicitor who would draw up the document in relation to the transaction.

184. On the 14th July, Mr. Price again saw Mr. Harris when he produced a document drawn up by Mr. Bieber. The document was partly in blank and it was in the form of a letter of instruction to Mr. Bieber as to how he was to deal with the £10,000 which was to be deposited with him. It provided that as soon as the import licence in respect of the form ILD/A was granted by the Board of Trade Import Licensing Department "you are to pay the sum of £5,000 thereout to.....as to the balance of £5,000, this shall be released by you to the said..... in sums bearing the like proportion to £5,000 as shipments of goods arriving in this country are actually released by the Customs shall bear in value to the total sum for which the import licences above mentioned shall have been granted." It further provided that "if the application for licences above mentioned shall be refused, the whole of the sum of £10,000 shall forthwith be repaid to me." The document contained other provisions which it is not necessary for us to set out in this report. Mr. Price, notwithstanding the production of this draft document, was still doubtful, and thought there must be a trick somewhere, and said he could not understand a solicitor drawing up a document of that description. At this interview Mr. Harris, according to Mr. Price, said that Mr. Belcher and Mr. Glenvil Hall of the Treasury were making fortunes out of this sort of thing, and doing it in all directions. Mr. Harris also suggested that his solicitors were inclined to take chances in matters of this description. It was arranged that an interview should take place with Mr. Bieber on the 19th July.

185. Mr. Price was extremely worried about this matter. The information given suggested to him that bribes in large sums were being paid to Mr. Belcher and Mr. Glenvil Hall. Mr. Price consulted the Chairman of his company, Alderman Charles Russell of Stagg & Russell, Ltd., and through him Sir Herbert Williams. Sir Herbert introduced Mr. Price to another gentleman who said he would speak to Lord Woolton. Later Lord Woolton rang up Mr. Price and asked his permission to speak to Sir Harold Scott, Commissioner of Police for the Metropolis. This permission was given and later Mr. R. M. Howe, an Assistant Commissioner, invited Mr. Price to call and see him that day. Mr. Price called and made a statement of the events which had happened up to that time.

186. On the instructions of the police and acting under their directions, Mr. Price attended the meeting at Mr. Bieber's office on the 19th July 1948. Mr. Harris and Mr. Seff also attended at this meeting, but they did not know that Mr. Price had been in communication with the police. At Mr. Bieber's office, Mr. Price raised the question as to the nature of the draft document which he had received, and said to Mr. Bieber, according to Mr. Price's recollection, "You do not mean to tell me that you as a solicitor would produce a document like this. This would seem to be a corrupt document and it would seem to be a document which would not bear scrutiny". Mr. Bieber said that he had prepared the document although rather in a hurry.

and that it was quite a legal document, although it might want a slight alteration in a word or two. After some further discussion, Mr. Bieber went on to add, "It is perfectly legal for me to act as a solicitor between two clients where I draw up the necessary documents for an import licence. £10,000 would not be for procuring the licence at all. You want the goods; you cannot get them without the licence; the £10,000 would be a sort of commission on the value of the goods which you would get in the licence". Mr. Price says he then asked, "Who would get the £10,000?" and Mr. Bieber made a reply which gave Mr. Price the impression that the go-between would be handling the whole of the £10,000 and would be paying it out to some other people for services rendered. These people, Mr. Bieber said, were closely connected with principals in Government departments. Mr. Bieber would not give the name of the man who was to receive this £10,000 and act as go-between, but said that this man spent a lot of money and entertained in a very big way and that people in Government departments were frequently at his flat.

187. Mr. Bieber said that he would not be receiving any part of the £10,000 but would make a charge of probably £1,000 to Mr. Harris or whoever went on with the arrangement. Before this interview, according to Mr. Price, Mr. Harris had mentioned Mr. Belcher's name. At the interview Mr. Price says he said to Mr. Bieber: "Even after what you have told me, I cannot imagine people high up in Government departments would take such a chance. Let us take the case of, say Mr. "B." in such a Government department who was thought or found to be corrupt in connection with another transaction. Suppose the Public Prosecutor investigated this matter and went through his accounts and papers and he was found to have money, thousands of pounds cash banked—say he found this agreement of yours passing through your office, what do you think would happen?" Mr. Bieber's reply to this was said to be that it was all legal if it was dealt with in this manner, and that the money would be paid to the go-between either in cash or by banker's draft, so it could not be traced through any account. There was some further discussion as to the form of the document and the matter was then left to be considered by Mr. Harris, Mr. Seff and Mr. Price. Later after the interview, Mr. Harris told Mr. Price that Mr. Bieber had asked him if he had mentioned Mr. Belcher's name to Mr. Price, because of the use by Mr. Price in the office of the initial Mr. "B".

188. The account given by Mr. Bieber of this interview differs from that given by Mr. Price. Mr. Bieber denies that any suggestion of corruption was ever made, and denies that there was any suggestion of a go-between paying for services or that the money would be paid to a go-between either by way of banker's draft or in cash, or that there was any suggestion of preventing evidence of the payment appearing in bank books. Immediately after the interview, Mr. Price reported to the police, and at once supplemented his statement to them, setting out his recollection of what had transpired in Mr. Bieber's office. This statement was exhibited before us. We are satisfied that the account given by Mr. Price as to what occurred in the interview with Mr. Bieber is substantially correct, and we prefer his evidence to that of Mr. Bieber as to what took place on this occasion.

189. About the 22nd July Mr. Harris telephoned Mr. Price and told him that the go-between referred to by Mr. Bieber was Mr. Stanley. Mr. Price already knew Mr. Stanley and told Mr. Harris that he would have nothing to do with the transaction if Mr. Stanley was concerned in it.

190. On the 24th July, Mr. Harris and Mr. Seff again saw Mr. Stanley at his flat, when further discussions about this agreement took place. Ultimately Mr. Seff dropped out of the matter, but Mr. Harris got in touch with two

gentlemen named Davis, and he and they went on with the proposition. About the 16th August 1948 Mr. Bieber was informed of the interest of these gentlemen.

191. Mr. Bieber says that the transaction as he understood it from what he had been told by Mr. Stanley was that Mr. Stanley had a licence to import any goods he desired up to £186,000, and that arrangements could be made with the Import Licensing Department of the Board of Trade to surrender so much of the licence as related to the importation of goods of the value of £150,000, and that in return for such surrender, a licence would be granted for importation of amusement machines and devices to that amount in favour of Mr. Harris or his nominees. Mr. Bieber says that he regarded Mr. Harris as his client. He says he was anxious to protect him and those associated with him and to make sure that Mr. Stanley had a licence for £186,000 before he allowed them to part with their money or to bind themselves to Mr. Stanley. Mr. Bieber says he asked Mr. Stanley on several occasions for proof that he had this licence, but proof was not forthcoming.

192. On a date which Mr. Bieber fixed by reference to some documents in his possession as the 27th August 1948 he says he called for proof. He says that Mr. Stanley called at his office on that day about half-past one in the afternoon about another matter. Mr. Bieber says he said to Mr. Stanley, "I really must insist on some proof, otherwise the transaction with Mr. Harris will not go through." Mr. Stanley's reply was, "Well, get on to the Board of Trade for me. I want to speak to 'Sir John Wood'." Thereupon Mr. Bieber arranged for the telephone to be switched through to his private room, and Mr. Stanley asked him to dial Whitehall 5140, which is the Board of Trade number, and he, Mr. Bieber himself, dialled that number. Upon being connected, Mr. Bieber handed the telephone instrument to Mr. Stanley. According to Mr. Bieber his telephone was a loud one, and the speaker at the receiving end was heard distinctly by him.

193. Mr. Bieber says that he heard the operator ask Mr. Stanley, "What is your code number?," and Mr. Stanley, after looking up some papers in his pocket, gave a code number and complained that the code numbers were being constantly changed. We may mention here that we are satisfied by evidence which we heard from the Board of Trade that no such thing as code numbers were in use at the Board of Trade at that time. Mr. Stanley having given the code number spoke to somebody whom he addressed as "Cross", and after discussing certain personal matters, Mr. Stanley asked Mr. "Cross" to confirm that he (Mr. Stanley) was in a position to call for £150,000 worth of amusement devices from the United States of America to come to England. The person addressed as "Cross" replied, "Well, I have told you before so far as you are concerned, you can bring the whole of your £186,000 over in amusement devices or anything else you like". According to Mr. Bieber, the voice at the other end of the telephone then said somewhat flippantly that he would not mind having a fruit machine to play with in his own home. Mr. Bieber says that he then heard the name "Biber" mentioned and corrected by Mr. Stanley to "Bieber" and the voice at the other end said that the car for "Bieber" was leaving Detroit on the 26th September, that he had a cable from the British Commercial Attaché either in New York or Washington to that effect, and that Bieber would have to pay the sum of £382 16s. 9d. to the Board of Trade for the purchase tax, import duty and bond, in respect of the car. The voice then went on to say that Mr. Bieber was a lucky blighter in getting a car from America, and that if he wanted to sell it he could very easily find someone who would buy it from Mr. Bieber for £4,000. The voice of the man who had been addressed as "Cross" then asked if Mr. Stanley desired

to speak to Sir John, and Stanley said, "Yes". Thereupon another voice, apparently that of the supposed Sir John, said that he had heard the whole of the conversation with "Cross" and that Stanley did not need to trouble to go through it with him; he would confirm it, and he also remarked that he would not mind having three plums out of "Cross's" fruit machine.

194. Mr. Bieber explained the reference to the motor-car by saying that Mr. Stanley had informed him some time previously that he was obtaining two motor-cars from America, one being a Chrysler Plymouth, and that Mr. Bieber had asked Mr. Stanley why he wanted two motor-cars. Mr. Stanley replied to the effect that he could have one of them if he wanted it at the list price of £600 less 15 per cent. discount, plus the fees for purchase tax, import duty and bond, amounting to £382 16s. 9d. In the course of the conversation between Mr. Stanley and the man addressed as "Cross", the telephone was disconnected and Mr. Bieber says he re-dialled the Board of Trade number himself and was reconnected to the person previously speaking to Mr. Stanley.

195. If this conversation took place, it would give considerable support to the suggestion that Mr. Stanley was in possession of a licence to import goods up to £186,000; that he was in touch with Mr. Belcher's private secretary, Mr. Cross, in relation to the grant of a licence for £150,000, that Sir John Woods was involved in some way in the transaction, and that he and Mr. Belcher and Mr. Cross were to receive some portion of the £10,000 to be paid on receipt of the licence.

196. We have considered this matter. The date upon which Mr. Bieber alleges this conversation took place, namely, 27th August 1948 of itself renders his story highly improbable. Mr. Belcher had heard of the accusations alleged to have been made by Mr. Stanley against him on the 11th August at the latest, and Mr. Cross had heard from Mr. Rufus Williams of the allegations stated to have been made against Mr. Belcher, Mr. Gray and himself on the previous day. Apart from this, on the 27th August, Mr. Belcher was away on holiday and not in London, and Sir John Woods was also away on that date. Mr. Cross may have been in his office at that time, but he denies that any such conversation ever took place.

197. We have heard other evidence from the Board of Trade from which we are satisfied that no licence was granted either to Mr. Stanley or to anybody else to import goods of an unspecified character up to the sum of £186,000. Indeed, the evidence goes further and proves to our satisfaction that licences are only granted for the import of goods when such goods are specially identified and the source of supply is known. Further there is no trace of any licence to Mr. Stanley or to Mr. Bieber to import motor-cars and no trace can be found of any Chrysler Plymouth car being sent from Detroit for importation into this country to Mr. Stanley or Mr. Bieber, and no cable from Washington or New York has passed to the Board of Trade relating to any motor-car of that description. We have had traced for us all the Chrysler cars for which import licences were granted during 1948, prior to the date of our sitting.

198. We should like to have adopted the explanation put forward by Mr. Bieber in his evidence that a trick had been played upon him by Mr. Stanley. In view, however, of Mr. Bieber's insistence that he himself made the telephone connection with the Board of Trade not merely on one but on two occasions during the conversation, we find it difficult to accept this theory. Mr. Stanley himself denies that such a conversation took place on that day, although he says he did ring up the Board of Trade

at an earlier occasion and inquired if he could import amusement machinery and was told that he could only do so if the necessary forms were completed and a licence obtained. We have come to the conclusion that we cannot accept Mr. Bieber's evidence upon this matter, and are quite satisfied that the conversation to which he deposes did not in fact take place.

199. After this alleged conversation, the negotiation proceeded between Mr. Harris and Messrs. Davis and Mr. Stanley through Mr. Bieber. On the 31st August a document, not very dissimilar in form from that produced to Mr. Price, was drawn up by Mr. Bieber and signed by Mr. Harris on behalf of himself and Messrs. Davis. There was, however, a difference in the terms of the two documents as the document of the 31st August provided that out of the £10,000 to be lodged with Mr. Bieber, £2,000 should be paid to Mr. Stanley as soon as the import licence application signed by Mr. Harris was handed to Mr. Stanley, in other words, £2,000 was to be paid forthwith, and only £8,000 was to remain in the hands of Mr. Bieber, pending the grant of the licence to import. This and the dealings with the money that subsequently took place between Mr. Bieber and Mr. Stanley and between Mr. Bieber and Messrs. Davis and Mr. Harris we do not propose to investigate further, as there has been no suggestion or evidence that any part of these sums was offered to or received by any Minister or public servant and in our view they are not relevant to the matters upon which we have to report and may require consideration elsewhere.

200. The suggestions arising out of this matter are that Mr. Stanley was going to pay to Mr. Glenvil Hall and Mr. Belcher sums of money out of the £10,000 he was to receive on and for the grant of the import licences. Further that Mr. Glenvil Hall and Mr. Belcher were making fortunes out of transactions of this character. In spite of Mr. Stanley's denials and the denials of Mr. Harris that anything of this character was said, we accept the evidence of Mr. Price, supported, in some degree but not entirely, by Mr. Seff, that the statement was made to Mr. Price that money was to be paid to Mr. Belcher and Mr. Glenvil Hall out of the £10,000. Whether this statement originated with Mr. Harris or whether it was the result of his interview with Mr. Stanley on the 3rd July 1948, the evidence does not show. Whatever the origin, we are quite satisfied that there never was any intention on the part of Mr. Stanley or anyone else to pay money to either Mr. Glenvil Hall or Mr. Belcher in respect of this transaction. Mr. Glenvil Hall had no concern with the granting of import licences and had nothing to do with any application which might have been made. In fact, it is clear that no application for a licence was ever made either prior to or after the 31st August 1948. There is no evidence that Mr. Belcher was approached in any way by Mr. Stanley in respect of these licences, and we are convinced that he was not concerned in the matter at all.

201. It might be suggested because of Mr. Bieber's evidence as to the telephone conversation of 27th August 1948, that Mr. Cross and Sir John Woods were also to receive some money in respect of the grant of the licence. So far as these suggestions against Mr. Cross and Sir John Woods are concerned they depend entirely upon the uncorroborated evidence of Mr. Bieber as to the telephone conversation of the 27th August 1948, and for reasons which we have already given, we are satisfied that this conversation did not take place. The result is that the suggestions made against Mr. Belcher, Mr. Cross, Mr. Glenvil Hall and Sir John Woods in this matter are baseless and entirely without foundation.

MR. GEORGE GIBSON, C.H.

202. We have now to consider the allegations made in relation to Mr. George Gibson. Mr. George Gibson who resides at 280, Wilbraham Road, Manchester, is the Chairman of the North Western Electricity Board and a director of the Bank of England. He is 63 years of age and was originally a member and subsequently the general secretary of the Confederation of Health Service Employees which is a trade union affiliated to the Trade Union Congress. Mr. Gibson was a member of the General Council of the Trade Union Congress until 1941 and was chairman of the Trade Union Congress for the year 1940-41. In 1946 he was honoured by being made a Companion of Honour, and in the same year he was appointed a director of the Bank of England under the Bank of England Act 1946. From 1945 Mr. Gibson was chairman of the North West Regional Board for Industry, which position he retained until 1947, when he was appointed to his present position as chairman of the North Western Electricity Board.

203. In 1946 Mr. Gibson was a regular visitor to London from his home and place of business in Manchester. On his journeys by train to and fro, Mr. Gibson made the casual acquaintanceship of Mr. Sydney Stanley. Mr. Stanley made reference to Mr. Cyril Ross as his friend. Mr. Ross was also a friend of Mr. Gibson and had been engaged with him in the work of the Victory Ex-Services Club. Mr. Gibson and Mr. Stanley also appear to have had other interests in common which gradually increased their acquaintanceship as fellow-travellers.

204. On 22nd April 1947, Mr. Stanley happened to meet Mr. Gibson at Grosvenor House. With Mr. Stanley on that occasion was Mr. Marcus Wulkan who is Mr. Stanley's brother, and who was paying a visit to this country at that time from the United States of America. Mr. Stanley introduced his brother to Mr. Gibson, and according to Mr. Gibson the brother told him that he had met him previously at the Commodore Hotel in New York at a public lunch in 1941, when Mr. Gibson was collecting funds for this country. Mr. Marcus Wulkan told Mr. Gibson that he had then presented him with a cheque for 30,000 dollars. Mr. Gibson recollected the occasion of the lunch, and accepted the statement that he there met Mr. Marcus Wulkan and received from him the sum of 30,000 dollars. At this meeting Mr. Marcus Wulkan said he was anxious to assist this country and Mr. Gibson accordingly asked him and Mr. Stanley to attend a dinner which he was giving the next evening at the Garrick Hotel.

205. The dinner took place on the 23rd April 1947, and at that dinner, Mr. Belcher was present as the guest of honour. During the dinner Mr. Stanley was introduced to Mr. Belcher, as also was his brother, Mr. Marcus Wulkan. After this dinner, Mr. Gibson visited Mr. Stanley's flat occasionally. Mr. Gibson said he had been to the flat in all from that time till now some twelve to fifteen times.

206. Some time in the spring of 1947, Mr. Gibson learned that Mr. Stanley was interested with Mr. Cyril Ross in the purchase of the company known as J. Jones (Manchester 1920) Ltd. This was a company which owned a number of retail shops for the sale primarily of ladies' garments. Mr. Gibson seems to have discussed the matter from time to time and the question of financing a new company which was to be formed to acquire J. Jones was also mentioned. In June 1947 Mr. Stanley asked Mr. Gibson's opinion whether the Capital Issues Committee were likely to consent to a public issue. Mr. Gibson expressed the view that after the Budget of that year, it would not be an easy matter to get sanction for a public flotation, and that it would be much better if the money could be raised privately.

207. In the autumn of 1947, Mr. Stanley again discussed the purchase of Jones with Mr. Gibson. At that time the intention was to apply to the Capital Issues Committee for their sanction to a public issue. Mr. Gibson was then a director of the Bank of England, but not a member of the Capital Issues Committee. Mr. Stanley then offered Mr. Gibson the position of Chairman of Directors in the company to be floated, at a salary of £10,000 per year, of which £2,000 was to be earmarked as expenses. This offer was conditional upon the company being formed. Mr. Gibson will not accept that it was conditional also upon the consent of the Capital Issues Committee being obtained to a public issue. Having regard to the circumstances existing at the time, and the then intention of Mr. Stanley and the other promoters, we think there can be no doubt that the offer was intended only to take effect if the consent of the Capital Issues Committee was obtained. We have not the least doubt that Mr. Stanley's object in making this offer was to secure Mr. Gibson's support and influence in obtaining the consent of the Capital Issues Committee to the public issue, and in obtaining the support of the Government Departments concerned to secure that consent.

208. The important question is whether Mr. Gibson realised that that was the purpose of the offer. After receiving this offer, Mr. Gibson said that he would consider it. Towards the end of October, Mr. Gibson saw Mr. Stanley and told him that he was still considering the offer, but hinted that he might not be able to accept it because of a possible offer of some other position. In October 1947 Mr. Gibson was offered the position of Chairman of the North Western Electricity Board. About this time Mr. Gibson saw Lord Catto, the Governor of the Bank of England, and told him that he had had an offer of a directorship, but says that he told Lord Catto at the time that he did not intend to accept. Although this offer had been made by Mr. Stanley to Mr. Gibson, the person chiefly interested at that time from a financial point of view was Mr. Cyril Ross. Mr. Ross says the offer was made without his knowledge, but he says that before Mr. Gibson rejected the offer, Mr. Stanley had told him about it, and that he, Mr. Ross, had told his bank that Mr. Gibson might be going on the board of the new Jones Company.

209. On the 1st November 1947, Mr. Gibson wrote to Mr. Stanley, regretfully refusing the offer. The terms of his letter of refusal are important. The letter is as follows:—

NATIONAL SAVINGS COMMITTEE,

39, Hyde Park Gate, S.W.7.

1st November, 1947

GG/ML

My dear Mr. Stanley,

Since meeting you last week I have been offered by His Majesty's Government a very important post which I have decided to accept. An announcement will be made in the House of Commons within the next ten days, but my acceptance is conditional upon my surrendering other appointments which I now hold, including the Bank, North West Regional Board, etc.

Under the circumstances, therefore, I am regretfully unable to accept the kind and generous offer you made to me on behalf of yourself and your associates. It was so generous that I have been reluctant to decline it, but, on the other hand, my duty does lie with the Government in the difficulties in which it finds itself, and I was so strongly pressed that I could not decline the office.

May I add that I shall not readily forget the generous terms offered to me, and the kindness Mr. Cyril Ross has shown, nor will my interest in the latter matter lessen in any way, indeed, I hope that I may be able to exercise a greater degree of influence in the future than perhaps I have in the past.

You will be glad to know that from discreet enquiries I made the name of Mr. Beckett stands very high indeed at the Bank.

I trust that my late decision has in no way inconvenienced you, but I think I gave you a hint of the post the Government was offering to me, and it has emerged rather suddenly, thus placing me in the position that I had to make a choice immediately.

My best wishes, and I hope that our ways may not lie entirely apart in the future.

Yours sincerely,

Geo. Gibson

Mr. Stanley,
4, Aldford House,
Park Lane,
London, W.1

210. It will be seen from this letter that Mr. Gibson is expressing the hope that he may be able to exercise a greater degree of influence in the future than perhaps he had done in the past. It would appear that all that Mr. Gibson had done in the past was to advise Mr. Stanley in June 1947 that it would be wiser to finance the new Jones Company privately as it was unlikely the Capital Issues Committee would sanction a public issue. Apart from this advice there seem only to have been general discussions about the matter by Mr. Gibson with Mr. Stanley and probably also with Colonel John Douglas George and Mr. Beckett. Colonel George is one of the partners in Smallfield, Fitzhugh, Tillett & Company, Chartered Accountants, and had been concerned in the negotiations for the purchase of J. Jones upon the instructions of Mr. Cyril Ross. We were told that Mr. Beckett was a director of J. Jones and also a trustee of shares of that company on behalf of certain beneficiaries.

211. He says in his letter of the 1st November, that he had made discreet inquiries about Mr. Beckett and had ascertained that his reputation with the Bank of England was very high. After the 1st November 1947 Mr. Gibson seems to have interested himself quite considerably in the efforts to obtain the consent of the Capital Issues Committee to the proposed flotation.

212. Mr. Gibson continued to keep in touch with Mr. Stanley and on the 28th November 1947 was in communication with him as to arrangements that were being made to hold a dinner at Grosvenor House in December in honour of the Right Honourable Arthur Greenwood, M.P.

213. Some time before the 3rd January 1948 Mr. Gibson approached Lord Piercy, who was a director of the Bank of England and was stated by Mr. Gibson to be head of a large firm of stockbrokers and had dealings with the Capital Issues Committee. On the 3rd January 1948 Mr. Gibson wrote Mr. Stanley a letter which was marked "Very Strictly Private and Confidential". In the course of this letter he wrote:—

I am really writing to tell you that I had a word with Lord Piercy. He tells me that the Capital Issues Committee is much stricter these days but I gave them an inkling of your capital issue and he thought it would probably get through. One thing he did say was that such a flotation should not be done through the Whitehead or any of the popular trusts

at should be on a more dignified basis. He inferred that on that basis I would hold a much better chance of going through. I thought the information would be of use to you and I hope to see you in the near future.

214. Shortly after this an application to the Capital Issues Committee for their sanction for a public issue in respect of the company to be formed to acquire J. Jones was drafted by Colonel George and handed either by him or by Mr. Stanley to Mr. Gibson. The latter spoke to Mr. H. A. Siepmann, another director of the Bank of England, about the form of the application. Mr. Siepmann submitted the application to the department of the Bank of England which has knowledge of such matters. On the 4th February 1948 Mr. Siepmann wrote to Mr. Gibson returning the draft application in a letter of that date which reads as follows :

I return the application which you left with me to-day for Treasury consent to the issue of capital by J. Jones (Manchester) 1948 Limited—this was the proposed new company—The application is in the form prescribed by the Capital Issues Committee and the only suggestion I need make is that the proposed method of issuing 600,000 Debenture Stock should be added to the details in paragraph 7 (a) ; I note from paragraph 10 that an unspecified part of the stock is being taken up by the vendors and that the remainder will be available for public subscription.

Whether the scheme will pass through the Chancellor's net is a point on which I am not able to offer much guidance; it will depend to some extent on the reception which is accorded by the Government Departments concerned.

If the scheme is completed it appears that shareholders in the 1920 Company will receive cash for their shares (some of them are apparently desirous of using some of that cash in acquiring Debenture Stock and Preference Shares in the new Company). As the Balance Sheet of the 1920 Company is not attached at present to the application, I cannot establish the proposed price per share of the 1920 Company's shares.

On the receipt of that letter Mr. Gibson wrote to Mr. Stanley enclosing the original letter which he had received from Mr. Siepmann. Mr. Gibson's letter was in the following terms :

I enclose herewith copy of the application to the Capital Issues Committee in respect of J. Jones (Manchester) 1948, Ltd., and the original letter I have received from Siepmann of the Bank.

You will see from the text of his letter that there will be no Bank objection to the scheme, and the second paragraph indicates that the Government Department may have a major say. I imagine that the Board of Trade will be the responsible Department.

If you could find out which was the responsible officer at the Board of Trade I would try to help.

You will notice his suggestion regarding the debenture stock.

In Mr. Gibson's letter of the 5th February he interprets Mr. Siepmann's letter as indicating that there would be no Bank objection to this scheme. Mr. Siepmann's letter really does not bear this interpretation, as all he was indicating was that the application was in the correct form but it might be improved by incorporating a provision as to the issue of debenture stock. Mr. Gibson does, however, make it clear that if as is suggested in Mr. Siepmann's letter the backing of the responsible Government department concerned was required and if that department was the Board of Trade as he thought, he would try to help to obtain that backing by seeing the responsible officer at the Board of Trade.

215. At one time there was some confusion in the evidence as to what powers the Court of Directors of the Bank of England had in relation to capital issues and the Capital Issues Committee. As a result of later evidence from Lord Catto on affidavit—who was too ill to attend and give oral evidence—and from Mr. Edmund Compton of the Treasury, it appears that the position is that the Capital Issues Committee is a committee appointed by the Treasury to advise the Treasury in respect of applications for capital issues. The members of this committee are appointed by the Chancellor of the Exchequer from persons who have varied experience in business and not as representatives of the Bank of England or of any other business in which they are interested. As a matter of history one of the persons appointed to the committee has always been a director of the Bank of England. On the committee he serves not as a representative of the Bank but independently. The committee as a whole act quite independently of the Bank and not on instructions received from the Court of the Bank although of course it would always be open to the Bank in any particular case which was of interest to the Bank to make representations to the committee. Further, under the Memorandum of Guidance to the Capital Issues Committee issued by the Treasury (Command Paper 6645, May 1945) paragraph 16, where the amount of an issue, whether public or private, is £100,000 or more, agreement would also be necessary of the Bank of England (acting on behalf of, and in consultation with, the Treasury) in regard to the time of the making of the issue. The proposed company in this case was to have a capital of about £1,000,000 and would therefore come within this regulation. It is only right, however, to say upon the evidence before us that this regulation was not always enforced.

216. It is unlikely that Mr. Stanley knew the relationship of the Capital Issues Committee to the Bank of England. In our view Mr. Stanley thought that Mr. Gibson had considerable powers to influence the decision of that Committee. This seems clear from the statement that Mr. Stanley made to Col. George that there would be no difficulty in obtaining the consent of the Capital Issues Committee as he was very friendly with Mr. George Gibson. Mr. Gibson may not have had the same ideas of his own power as Mr. Stanley had, but he did what he could to use his influence to assist by ascertaining that the forms of application were in proper order through Mr. Siepmann and obtaining advice from Lord Piercy as to the method by which the public issue should be made if the consent of the committee was to be obtained. Further Mr. Gibson, in his letter of the 5th February 1948, offered to help by seeing a responsible official of the Board of Trade who might be able to influence the consent to the public issue.

217. Shortly after this in April 1948 the negotiations for the purchase of J. Jones were broken off for the time being and the proposed application to the Capital Issues Committee was dropped. When they were renewed later in the year the scheme of a public issue was abandoned and it was then decided that the money should be subscribed privately. In these circumstances further help in this connection was not required from or given by Mr. Gibson.

218. About the beginning of February 1948 Mr. Stanley met Mr. Gibson and according to Mr. Gibson remarked that Mr. Gibson was not dressed as smartly as a man in his position ought to be and Mr. Gibson explained to him that he had not got the necessary clothing coupons for a new suit. Mr. Stanley thereupon said that he had the end of a roll of cloth at what he described as "my place" and asked Mr. Gibson to come round and get measured. Mr. Gibson went with Mr. Stanley to Mr. Hirsch Teper, the

tailor whom we have already mentioned. Mr. Gibson was measured for a suit of clothes there. No discussion took place between Mr. Gibson and Mr. Teper as to the cost of the suit although Mr. Gibson says he told Mr. Stanley that he was not prepared to pay fancy West End prices and did not desire to go beyond £30 or £35. At this conversation, according to Mr. Gibson, Mr. Teper was asked to send the bill in to Mr. Stanley. Mr. Gibson was fitted for the suit on the 10th February; there was a second fitting on the 19th February and the suit was delivered on the 24th February, not direct to Mr. Gibson but at Mr. Stanley's flat. Mr. Gibson says that he thought the cloth belonged to Mr. Stanley and that all that Mr. Teper was doing was to make up the suit, and that being so he expected to receive a bill from Mr. Stanley and not from Mr. Teper. No payment was, however, made by Mr. Gibson to Mr. Stanley for the suit and no coupons were given by him to Mr. Stanley or to Mr. Teper in respect of the suit. Mr. Teper, however, says—and we accept his evidence on this point—that he was paid for the suit by, and that he received the coupons in respect thereof from, Mr. Stanley. Mr. Gibson says that he always intended to pay for the suit and that in August 1948 he asked Mr. Stanley on several occasions for the bill but never received one. Though letters passed between Mr. Gibson and Mr. Stanley about other matters there is no trace in these letters of any reference to the suit or payment for it. We are satisfied in this case, notwithstanding Mr. Gibson's denials, that as in the case of Mr. Belcher this suit was a gift to Mr. Gibson by Mr. Stanley.

219. On the 24th February 1948 Mr. Gibson gave a dinner at the Garrick Hotel. At that dinner the question of establishing what was called the Freedom and Democracy Trust, or Defence of Democracy Trust, was discussed and a number of those present were invited to, and did, make contributions to the Trust. The object of the Trust was to combat Communism. Mr. Stanley came uninvited to this dinner, but was allowed to stay. Mr. Stanley professed great interest in the Trust and borrowed a cheque form from Mr. Gibson and filled it up for £50 payable to the Treasurer, Mr. John Brown. The cheque, however, was irregular in its drawing and was never paid. Mr. Stanley at this dinner also offered the use of premises in Aldford House as offices for the Trust.

220. On the 25th February Mr. Brown wrote to Mr. Stanley informing him that an address in Park Lane was hardly a suitable one and that the Trust had obtained the use of offices in the City and invited Mr. Stanley to guarantee the rent of £25 per month for these offices. We were not informed whether Mr. Stanley agreed to this or not.

221. About this time Mr. Stanley mentioned to Mr. Gibson a scheme of which he had heard from his brother, Mr. Wulkan, whereby this country could obtain an advance of dollars from financiers in the United States of America upon the security of the Marshall Plan. This was to be a business transaction so far as the financiers were concerned and was to be carried out through the agency of Mr. Wulkan. Mr. Stanley desired the Treasury to adopt the scheme and for that purpose to meet the Right Hon. W. Glenvil Hall, M.P., the Financial Secretary to the Treasury.

222. On the 26th February 1948, Mr. Gibson wrote to Mr. Glenvil Hall saying that Mr. Stanley had asked his advice. He outlined the scheme and commended Mr. Wulkan, suggesting that Mr. Glenvil Hall should meet himself and Mr. Stanley for dinner in a private room somewhere. On the 17th March Mr. Glenvil Hall replied to Mr. Gibson's letter of the 26th February saying he was entirely sceptical of the possibility suggested and

did not think that any useful purpose would be served by his meeting Mr. Stanley, but that if Mr. Gibson did not want to offend Mr. Stanley, Mr. Glenvil Hall would meet him to have an "off the record" talk.

223. On the 23rd March 1948 a dinner was given at Grosvenor House in honour of Mr. Gibson on becoming chairman of the North Western Electricity Board. The invitations were sent out in the name of Mr. Stevenson, but the dinner was paid for by Mr. Stanley. Mr. Gibson says he did not know Mr. Stanley was paying for the dinner at the time he attended the dinner but discovered it later that evening. Mr. Gibson himself settled the list of guests, which included the Right Hon. Ernest Bevin, the Foreign Secretary, the Right Hon. Hugh Dalton and Mr. Stanley. At this dinner Mr. Stanley sat next to Mr. Ernest Bevin, although this does not appear to have been arranged by Mr. Gibson. After the dinner Mr. Gibson had a short discussion with Mr. Ernest Bevin as to the scheme of borrowing dollars on the security of the Marshall Plan. We are satisfied that Mr. Stanley took no part in that discussion. Mr. Hugh Dalton arrived late at the dinner and indeed after it was over and the speeches were finished, but Mr. Stanley introduced himself to him as he was leaving. We shall deal later in this report with Mr. Hugh Dalton's relations with Mr. Stanley (para. 297).

224. On the 25th March 1948 Mr. Gibson wrote a letter to Mr. Glenvil Hall stating: "Adverting to our previous letters on the subject of the American Loan and Mr. Stanley on Tuesday" (that is, the 23rd March 1948) "I had the advantage of a chat with the Foreign Secretary; Stanley was there". This letter went on to suggest that Mr. Stanley would be worth seeing by Mr. Glenvil Hall. From the terms of this letter one would gather that the Foreign Secretary had a discussion about the matter with Mr. Gibson and Mr. Stanley together and that as a result of this joint discussion thought that the scheme was at least worthy of further investigation. The letter was misleading. Mr. Gibson, in evidence, when asked whether it was correct that he and Mr. Stanley had spoken to the Foreign Secretary about the "American Loan", answered "I did not say he did; I do not know. I did". When further asked what was the relevancy of saying in the letter "Stanley was there", he said that it was inserted in the letter because he, Mr. Gibson, "wanted Mr. Glenvil Hall to come along and have this dinner". It is a matter of regret that Mr. Gibson should have so written to Mr. Glenvil Hall and so referred to Mr. Stanley. He now regrets having done so. As a result of this letter Mr. Glenvil Hall agreed to meet Mr. Gibson and Mr. Stanley at dinner in a private room at Grosvenor House on the 22nd April. Mr. Glenvil Hall thought he was being entertained at that dinner by Mr. Gibson but in fact it appears from the correspondence and Mr. Gibson's own evidence that Mr. Stanley was to arrange for the dinner and to pay for it.

225. At this dinner there was a discussion about the scheme to obtain dollars on the security of the Marshall Plan, but Mr. Glenvil Hall did not think very much of the suggestion. There was, however, a further discussion about a scheme for financing development in Africa by a joint loan by financiers in the United States of America and from this country. Mr. Stanley says that this idea was put forward by him. Mr. Gibson says that he had put forward the idea in a memorandum some time before and that Mr. Stanley had nothing to do with it. We think Mr. Gibson's evidence is correct on this matter because he left with Mr. Glenvil Hall the memorandum which he had prepared on the subject. At the end of the meeting Mr. Glenvil Hall said he would discuss the matter with Sir Stafford Cripps and would let Mr. Gibson know the result later.

226. On the 24th April 1948 Mr. Glenvil Hall wrote to Mr. Gibson returning the memorandum left with him by Mr. Gibson and giving his views shortly upon the two suggestions. On the 11th May 1948 Mr. Glenvil Hall wrote again saying that he had now seen the Chancellor whose reaction to the suggestion of a joint capitalisation scheme for African development was favourable. Mr. Glenvil Hall further stated in the letter that Mr. "Sorrel" Barnes had been sent over to the United States of America and that the proposal was that Mr. Gibson's friends should contact Barnes with any suggestions they might have and that they would be sympathetically received. When Mr. Gibson was giving evidence and was asked who were "your friends" his reply was that there was a number of people and that he had discussed the matter with Mr. Henry Horne, a man with large financial interests. He was asked if he was going to use the "Stanley approach," and his answer was "No."

227. However, on the 31st May Mr. Gibson wrote to Mr. Stanley informing him of the contents of Mr. Glenvil Hall's letter and of the suggestion that Mr. Gibson's friends should contact Barnes. The letter goes on: "As Barnes is now in Washington I think we might have a chat with Isaac Wolfson and, if you think fit, Shackman, or anyone else and see what influence in America can be brought to bear and they could approach Barnes." Mr. Gibson's answer that he was not going to use the "Stanley approach" was obviously inaccurate as it appears quite clear from this letter to Mr. Stanley that that was the one thing that he was going to do.

228. Early in May 1948 the question of the flotation of Sherman's Pools Ltd. as a public company financed by a public issue was under discussion between Mr. Harry Sherman and Mr. Stanley. The latter told Mr. Sherman that he would be able to arrange for the consent of the Capital Issues Committee through his friendship with Mr. Gibson and he arranged a meeting between Mr. Harry Sherman and Mr. Gibson at the Savoy Hotel. Mr. Gibson told us that Mr. Stanley had previously mentioned the matter to him and he had told Mr. Stanley that there was little likelihood of permission being obtained. At the meeting at the Savoy Hotel Mr. Gibson discussed the proposal with Mr. Sherman and inquired how many years' purchase he required for his football pool business and then told Mr. Sherman that there was very little possibility of the consent of the Capital Issues Committee being obtained. Mr. Sherman was, however, very anxious to proceed with the flotation so Mr. Gibson promised that he would see a friend of his and let Mr. Sherman know the result.

229. Mr. Gibson then saw Mr. G. R. Young at the Treasury to obtain his views on the matter and told him of the proposal and asked him to attend the dinner at which both Shermans would be present and sit next to Mr. Harry Sherman and so obtain further details. How Mr. Young could help it is rather difficult to see, as Mr. Young is an officer in the Press Section of the Treasury. On the 11th June 1948 Mr. Gibson wrote to Mr. Stanley informing him that he had seen Mr. Young of the Treasury, and that he would endeavour to come on Tuesday, that is, 15th June 1948, when a dinner was to be given in honour of Mr. Stevenson. Mr. Gibson's letter continues: "Bill Hall" (Mr. Glenvil Hall) "has been invited by Stevenson, and if both of them come I think we can make arrangements. I have told Hall about the Sherman idea and if we sit him next to Sherman they can have a talk."

230. Mr. Gibson says his idea at this time was not to assist Stanley or to assist Sherman in the flotation of Sherman's Pools Ltd. but was to obtain information which might assist the Government to decide whether or not

to acquire Sherman's Pools Ltd. with the possibility at a later stage of nationalising all football pools. There is no evidence that he disclosed this intention to anyone, apart from his own statement that he told Mr. Young. Having regard to Mr. Gibson's actions in the matter we have formed the view that he was endeavouring to help Mr. Stanley to assist Mr. Sherman in the public flotation of his company. The dinner took place on the 15th June 1948 at Grosvenor House. Mr. Young did not attend, but Mr. Glenvil Hall was present for a short time, arriving late and leaving early. During the short time he was there Mr. Glenvil Hall sat next to Mr. Isaac Wolfson and not to Mr. Sherman. The arrangements proposed to bring Mr. Sherman in touch with Mr. Glenvil Hall apparently failed. The invitations for this dinner went out in the name of Mr. Gibson, but again Mr. Stanley paid for the dinner which some forty people attended and which was a lavish one.

231. A day or two later Mr. Stanley spoke to Mr. Glenvil Hall and asked his permission to bring a friend of his, Mr. Harry Sherman, to see him. Mr. Glenvil Hall agreed and a meeting took place at the House of Commons on 23rd June. At that meeting which was very formal, Mr. Sherman explained to Mr. Glenvil Hall his wish to float his company as a public company. Mr. Glenvil Hall told him it was a matter which had nothing to do with him, but was one for the Capital Issues Committee which had complete autonomy in its day to day affairs (para. 282).

232. About the 25th June, Mr. George Gibson saw the Deputy Governor of the Bank of England, Mr. Cobbold, and obtained his permission to speak to Sir Otto Niemeyer to inquire as to the prospects of approval being obtained from the Capital Issues Committee in respect of the proposed Sherman flotation. On the 25th June 1948 Mr. Gibson wrote to Mr. Stanley reporting the result of his inquiries stating, "You can accept it as definite that no capital issue of the nature suggested by Mr. Sherman would be permitted by the Capital Issues Committee unless there was definite Government backing behind it; mere Government 'goodwill' would not be sufficient. Sir Otto is a member of the Committee and he is quite definite in this statement." After this letter no further steps were taken in relation to the proposed Sherman flotation.

233. Some time in June 1948 Mr. Stanley showed to Mr. Gibson a document relating to 20,000 £1 shares in Gray's Carpets and Textiles Ltd. What this document was exactly, Mr. Gibson was unable to tell us. He says, however, he understood it was in reference to a new issue of shares in that company and that Mr. Stanley had an option to acquire such shares at par. Mr. Stanley asked whether he was interested in the matter, and as, according to Mr. Gibson, the £1 shares already issued in that company stood at 23s., he was prepared to acquire some. Mr. Gibson gave as an additional reason that Mr. Stanley told him that he was not able himself to take up the whole of the 20,000 shares, and Mr. Gibson agreed to take 2,000 of these shares and to pay Mr. Stanley, when requested, 25 per cent. of the price thereof as a deposit and in part payment.

234. On the 1st July 1948 Mr. Gibson wrote to Mr. Stanley confirming that he was desirous of taking up the shares, and inquiring for the names of the banker or the broker to whom he could forward the deposit of £500 and asking for the contract note. The new issue of the shares was not to take place until September. On the 27th August according to Mr. Gibson, Mr. Stanley rang up and asked for the £500 in part payment of the shares, and on that date Mr. Gibson wrote enclosing his cheque for £500, which he described as a deposit, and asking for Mr. Stanley's acknowledgment. In our view Mr. Gibson thought that Mr. Stanley was doing him a favour

in allowing him to purchase these shares which Mr. Gibson thought would certainly show a profit. Unfortunately, however, for Mr. Gibson, the £500 was not applied in the purchase of the shares, but was paid into Mr. Stanley's bank account which at the time was overdrawn. The resultant credit balance created by this payment-in was used by Mr. Stanley partly to defray Mrs. Stanley's fare to the United States of America and partly to pay the hotel bill for the holiday Mr. and Mrs. Stanley had just had at Bournemouth. Mr. Stanley denied that this was so and said that he had drawn out of the bank a sum of £500 in notes which at the time he was giving evidence he still had in his flat. When asked if he would go to the flat at the midday adjournment and bring the notes into court so that they could be returned to Mr. Gibson, he then said he had not got the notes in the flat but could return them at twenty-four hours' notice. He was asked later to return them at twenty-four hours' notice, but failed so to do. We mention this simply as indicating what little respect Mr. Stanley had for the truth.

235. About the same day, the 27th August, Mr. Stanley told Mr. Gibson of his wife's intended visit to the United States of America, and asked him to let him have letters of introduction to some of Mr. Gibson's friends over there. On the 27th August, Mr. Gibson wrote a second letter to Mr. Stanley, enclosing four letters of introduction for Mrs. Stanley, three of them to important friends of Mr. Gibson in the United States of America and one addressed "To whom it may concern". These letters described Mr. Stanley as "an eminent business man with large interests who is greatly concerned with the assistance and re-establishment of world trade and world prosperity" and asking for the good offices of the recipient to his wife, Mrs. Stanley.

236. Mr. Stanley having obtained this letter, on the 30th August 1948 went to the Treasury to Mr. Glenvil Hall's office with the object of obtaining permission for the grant of additional dollars for his wife as he said she was engaged on a business trip. Mr. Glenvil Hall was not there at the time, but on his return a few days later was informed by one of his officials that Mr. Stanley had told him that Mr. Glenvil Hall knew all about it. Mr. Glenvil Hall says this was quite untrue.

237. On the 30th August whilst he was at Mr. Glenvil Hall's office, Mr. Stanley rang up Mr. Cross at the Board of Trade and said he wanted Board of Trade support for an application for a business allowance of dollars for Mrs. Stanley who was about to make a business trip to the United States of America. Mr. Cross had a word with Mr. Brown, the Secretary to the President, and then asked Mr. Stanley to make his application in writing. Instead of doing this, on the following morning, the 31st August, Mr. Stanley appeared in person at the Board of Trade to see Mr. Cross.

238. Having regard to what had transpired and the information he had received from Mr. D. Rufus Williams on the 26th August, Mr. Cross asked Mr. Brown to be present at the interview. Mr. Stanley then produced the four letters that he had received from Mr. Gibson. Mr. Stanley proceeded to explain what he said was the purpose of his wife's visit to the United States of America and finished up by saying that probably Mr. Dalton and Mr. Glenvil Hall would be approaching the Board of Trade officially in the matter. Mr. Stanley was told that on the information before them, Mr. Cross could not recommend support from the Board of Trade and application should be made in writing with full details. Mr. Stanley thereupon said that if that was the position, he would prefer that no action should be taken. Mr. Gibson denies that he had any knowledge of Mr. Stanley's intention

to use the letters of introduction that he had given to Mr. Stanley for the purpose of endeavouring to obtain an extra allowance of currency, and we accept this denial of Mr. Gibson.

239. On the 10th September 1948 Mr. Gibson was returning from the Trade Union Congress in Margate and was passing through London on his way to Manchester. On the previous day Mr. Harry Sherman had telephoned Mr. Gibson asking him to see him and Mr. Gibson agreed to meet Mr. Harry Sherman at Victoria Station. Mr. Sherman met Mr. Gibson at Victoria Station and took him to the Savoy, and, according to Mr. Gibson, there informed him about his trouble over the paper allocation and about the cheques and the money of which he alleged Mr. Stanley had defrauded him, and asked Mr. Gibson if he could arrange an interview with Mr. Belcher. Mr. Gibson, having regard to the distraught condition in which he says Mr. Sherman was, agreed to do this, and ultimately arranged an interview between Mr. Sherman and Mr. Belcher at the Garrick Hotel on the 16th September. What happened at this meeting is a matter which concerns Mr. Belcher rather than Mr. Gibson, and it is dealt with in that portion of our report in which we consider Mr. Belcher's case (para. 150).

240. We have set out in some detail the various transactions in which Mr. Gibson took some part and Mr. Stanley was concerned. Mr. Gibson's reputation and high standing not only in the Labour Party but in the public life of the country gave him great influence. His advice and his word would carry great weight with any of his colleagues, whether inside or outside the Government. It was obviously not desirable that he should use that influence except in a proper case.

241. In our opinion Mr. Gibson is a public servant within our terms of reference because under the Bank of England Act 1946 he is appointed by the Crown; the contrary view was not submitted before us by his Counsel. We have considered with anxiety the evidence so far as it relates to him and have taken into account that when he gave his evidence he had just recovered from an illness. All that Mr. Gibson appears to have received by way of gifts from Mr. Stanley is a dozen cigars on the 4th June 1948, when Mr. Stanley and Col. George visited Manchester in connection with J. Jones and called in casually on Mr. Gibson, some three pounds of sausages at Christmas, 1947, and half a bottle of whisky on one occasion when he was travelling by the night train to Manchester from London, and the suit of clothes.

242. There is, however, no doubt and it is an admitted fact that Mr. Stanley offered Mr. Gibson the chairmanship of directors in the new Jones Company in the autumn of 1947 at a salary of £10,000 a year. We are satisfied that this offer was conditional upon the consent of the Capital Issues Committee being obtained to the public issue. As we have already stated, we are satisfied that Mr. Stanley in making this offer did so with the object of securing Mr. Gibson's influence and help to obtain that consent (para. 207). A more difficult question is whether Mr. Gibson knew that the offer was being made to him for that purpose. Mr. Gibson says he regarded the offer as a very generous one and later described it as an "extravagant" one, and he also said that he thought the salary of £10,000 was an "excessive" sum to offer him. Mr. Gibson further agreed that he would not have been in a position to make a commercial return in services for the offer that was made to him. Further when he wrote his letter of the 1st November 1947 he makes it clear that he "hopes to be able to exercise a greater degree of influence in future than perhaps I have in the past".

243. In these circumstances we feel that Mr. Gibson must have realised the object with which the offer was made. It is true that he declined the offer, but we think he did so not because of the reason for which it was made, but because he preferred to accept the chairmanship of the North Western Electricity Board with its greater security and the greater public position which it afforded, rather than the contingent offer of a chairmanship of an industrial company which might or might not materialise. If Mr. Gibson realised, as we feel sure he must have done, the object of the offer of the chairmanship of directors by Mr. Stanley, he ought, in our view, to have dissociated himself thereafter entirely from Mr. Stanley's activities. Instead of this, he did what he was asked to assist in the efforts which Mr. Stanley was making to secure the consent of the Capital Issues Committee to this flotation. He saw and obtained information from two of his co-directors at the Bank which he thought would assist Mr. Stanley in his project, and offered to help further by seeing the responsible official in the Board of Trade when he thought the support of that Board would assist in obtaining the sanction of the Capital Issues Committee. This he did, he says, purely out of gratitude for the very generous offer that was made to him by Mr. Stanley and, as he thought, by Mr. Cyril Ross. He adds that he had a general interest in the matter as he was up to January 1948 chairman of the North West Regional Board for Industry, and also knew the business of J. Jones, having lived in that district for many years, and was taking an interest in the matter generally.

244. Even after the proposed capital issue had been abandoned, Mr. Gibson when asked continued to do what he could to assist in other projects in which Mr. Stanley was interested. When Mr. Stanley was desirous of seeing Mr. Glenvil Hall in connection with the suggested dollar transaction Mr. Gibson secured this interview for him, using a misleading statement in his letter of the 25th March 1948 for that purpose. Later at the request of Mr. Stanley he met Mr. Harry Sherman and made enquiries of Sir Otto Niemeyer on his behalf as to the possibility of a capital issue for Sherman's Pools Ltd.

245. To sum the matter up, Mr. Gibson agreed that he could not point to any request made by Mr. Stanley for his assistance which he had refused, although he went on to add that on many occasions when Stanley wanted him to visit him at his flat, he did not do so. Mr. Stanley's offer of the chairmanship of the new Jones Company was made by him to Mr. Gibson as a public servant and as a consideration to induce him to assist in obtaining from the Treasury upon the recommendation of the Capital Issues Committee permission for a public issue on the flotation of the new Jones Company. We are convinced that Mr. Gibson realised that this was the purpose of the offer and although he refused it he allowed his future conduct to be influenced by it, he says out of gratitude, but we think in the hope of favours to come. All that Mr. Gibson had received apart from a few trivial gifts was the present of a suit of clothes and the results of his efforts, although they might have been very valuable to Mr. Stanley in the events which happened, were negligible. We much regret to have to find that Mr. Gibson allowed himself to be influenced by Mr. Stanley's offer which he knew was made for an improper purpose, and that Mr. Gibson continued to assist Mr. Stanley in the latter's various enterprises in the hope of further material advantage to himself.

THE RT. HON. CHARLES WILLIAM KEY, M.P.

246. Mr. Charles William Key is Minister of Works. He was formerly a school teacher, having commenced his career as a schoolmaster at the Orchard Street Schools, Hackney.

247. We shall deal with the allegations in regard to Mr. Key in relation to the following:—

(i) Intrade, Ltd.

(ii) Matters arising out of his relationship with Mr. Stanley.

(i) INTRADE, LTD.

248. Mr. Gordon Lloyd Owen Shiner is a director of Intrade, Ltd. Mr. Shiner met Mr. Key when the latter was Mayor of Poplar in 1924, and because of their mutual interest in social and charitable work in the east end of London, became great friends. For the last twenty years they and their families have been intimate personal friends. This friendship continued after Mr. Key was appointed Minister of Works. Intrade, Ltd., carry on business as civil engineers and contractors, ship repairers and barge builders and have done a considerable amount of work for the Petroleum Board, but they have done no work in recent years for the Ministry of Works, and certainly none since Mr. Key has been Minister.

249. During the period from the 20th November 1946 up to now, Intrade, Ltd., have made seventeen applications for licences to the Ministry of Works in connection with their business. Of these, thirteen have been granted, authorising work to the value of £24,000; three have been refused, and one is at present under consideration. So far as we have been able to ascertain, only four of these applications were considered by Mr. Key or in his private office.

250. One of these was in connection with a proposal to establish a wagon works at Avonmouth. The original application was made on the 17th December 1947 to the Board of Trade offices at Bristol for permission to erect hangars at a cost of £17,000. Early in January 1948 Mr. Shiner mentioned the matter to Mr. Key and wrote a letter to him addressed "My dear Charles", at the Ministry of Works. Mr. Key tells us that this letter was dealt with by one of his private secretaries and was not brought before him personally. The result, however, was that because of this letter his private office staff communicated with the Ministry of Works office at Bristol with a request for immediate action in the matter with the Ministry of Transport Priorities Committee and saying that the Minister would be grateful if he could know the outcome as soon as possible. The effect of this was to secure that the application was dealt with both by the Ministry at Bristol and by the Ministry of Transport expeditiously. There is a note later on a copy of a letter dated the 15th January 1948 retained by the office of the Ministry of Works at Bristol to the following effect:—"This has now become a matter of great urgency and we are being pressed at high level. Will you, therefore, please present this case at the earliest possible moment." It was suggested to Mr. Key that the high level there referred to was his personal interest in the matter, but we are satisfied by the evidence of Mr. Shiner that the high level there referred to was the Cabinet Committee with whom he had been in communication, and not Mr. Key.

251. On the 9th April 1948 the Ministry of Transport for some reason withdrew their support to this application, with the result that the application would have been refused, but on the 8th April the application was withdrawn by Intrade, Ltd. An application for a modified scheme was made on the 21st June 1948 and that application was ultimately minuted: "Matters must take their course though there may be repercussions." The repercussions there referred to do not in our view refer to any anticipated action by Mr. Key but to the "high level" to which we have already referred. The modified application was subsequently rejected.

252. Another application which became the concern of Mr. Key or his private office was in respect of a licence for building work approximating in value to £159 at Northleach, Gloucestershire, which was issued on the 16th December 1946. Complaints were made particularly by Mr. Luke Fawcett, O.B.E., of the Amalgamated Union of Building Trade Workers, who wrote personal letters to Mr. Key, stating that Intrade Ltd. had done work which exceeded the amount allowed by the licence and work which was not authorised by the licence. Numerous enquiries were made and Intrade, Ltd., it was suggested, were somewhat obstructive. Ultimately as a result of those enquiries Mr. Key decided that it was a case for consideration by the Director of Public Prosecutions who acted as solicitor for the Ministry of Works in all prosecutions undertaken by the Ministry. The matter was investigated by an Assistant Director of Public Prosecutions who reported on the matter in writing to the Ministry on the 4th December 1947. The Assistant Director pointed out that the licence was to carry out work for £159 and that, having regard to the months during which the work was done, there was a free allowance, that is, work which could be done without a licence of £28, making a total permitted work of the value of £187 and that in fact the expenditure of the company was £183 17s. 6d. The Assistant Director was of the opinion that whilst it might be argued that certain of the work done was outside the terms of the licence having regard to the small monetary excess of that work, the contravention could not be regarded as a serious one and proposed that no further action should be taken in the matter. Mr. Key agreed to this course, and on the 13th January 1948 wrote to Mr. Luke Fawcett saying that although there was a strong suspicion that there had been a substantial infringement of the regulation, it was impossible to get sufficient legal evidence to justify a prosecution. So far as this case is concerned, Mr. Key seems to have acted with complete propriety and there is no evidence on the files or otherwise that he had been approached by Mr. Shiner in relation to this complaint.

253. Another application in which Mr. Key or his private office took an interest was in relation to an application for a licence to extend a canteen at the Barking premises of Intrade, Ltd. An application for this licence was made on the 31st May 1947 and on the 30th June the application was rejected. On the 8th July 1947 there was a letter from Intrade, Ltd., to the London Regional Office of the Ministry of Works, appealing against that rejection. About this time Mr. and Mrs. Key spent a week-end with Mr. Shiner at the latter's house at Warley, near Brentwood in Essex. On the Saturday morning Mr. and Mrs. Key visited the premises at Barking and saw the canteen in its then condition. Mr. Key was of opinion that it was quite unfit for the purpose for which it was used, and that it was unfair to the workers that they should be required to use such premises as a canteen.

254. On the 12th July 1947 there is a minute on the file of the Ministry of Works as follows:—"The Minister had these papers handed to him today

and he would like to have a note of the position with regard to this application within a few days, please". Mr. Key cannot remember who handed these papers to him, but in our view he either received them from Mr. Shiner or, as a result of his meeting with him, called for them to be sent from the London Regional Office to him. On the 16th July Mr. Key agreed that he intervened in this matter, and suggested that the views of the factory inspector should be obtained as they might assist. Miss Cockett, the assistant private secretary in Mr. Key's private office, made a minute to this effect, directed to the London Regional Office and added to this minute the words: "Mr. Shiner is very well known to the Minister". This was done, Mr. Key says, without his knowledge, but he accepts the position that this statement was made for the purpose "of getting things through". The factory inspector on the 8th August 1947 recommended most strongly that a new canteen should be erected as soon as possible as the present arrangements were totally inadequate for the existing staff. On the 5th September the licence was duly granted, and work commenced under it.

255. On the 22nd December 1947 Mr. Shiner wrote to Mr. Key informing him that the Board of Trade had stepped in under the provisions of the White Paper ("Capital Investment in 1948 (Command Paper 7268)") and stopped the work. In that letter he said: "I am not asking for favours, but I do solicit your help, you knowing the true facts of the case, that the building should continue and our men provided with the accommodation they are worthy of." On the 31st December there was a minute apparently addressed to the London Regional Office, saying: "Will you please follow as an appeal case but bearing in mind the Minister's interest. It is said that the job will be 60 per cent. finished by the end of December (today). If this is so, the Board of Trade will probably want to reconsider." Upon this the London Regional Office took up the matter with the Board of Trade, who thereupon agreed to the work proceeding. On the 8th January 1948 Mr. Key wrote a letter to Mr. Shiner to which we shall have to refer when we deal with the next application (para. 258).

256. Mr. Key in his evidence frankly admitted that he did interest himself in this application and in July 1947 intervened to secure reports from the factory inspector and a reconsideration of the matter by the Board of Trade in January 1948, but he says he did so because he felt it was his duty so to do in view of the appalling conditions which he saw at the canteen at Barking and in the interest of the workers there employed, and not out of any desire to assist Intrade, Ltd.

257. The next application in which Mr. Key or the private office was interested was that which was made on the 20th August 1947 by Intrade, Ltd., for the extension of their offices at Warley. That was an application to spend £2,250 to reinstate and extend the office accommodation which had been damaged by enemy action. On the 11th September the Ministry of Fuel and Power wrote approving of the application. On the 1st October 1947, Mr. Key saw Mr. Shiner at Warley and apparently Mr. Key asked Mr. Shiner to let him have particulars of his application for the extension of the premises. On the 4th October 1947 Mr. Shiner wrote to Mr. Key giving him particulars of the Ministry's file number and the reason for his application. Mr. Key says that this letter was dealt with by one of his private secretaries, and was not brought to his personal notice. His secretary, however, communicated with the Regional Licensing Officer at Cambridge saying that the Minister was interested in this application and asking for the file. On the 21st October 1947 Mr. Key personally signed a letter to

Mr. Shiner informing him that a licence would be issued as soon as agreement had been reached on technical details. These details were subsequently agreed. The licence was on the point of being issued, but in December, owing to the "White Paper" restricting expenditure and calling for a review of all existing licences, the application for this licence had to be reconsidered.

258. Mr. Key apparently was responsible for reviewing this particular licence under the "White Paper" and felt compelled to withdraw his approval. On the 8th January 1948, Mr. Key wrote to Mr. Shiner in these terms:—

My dear Gordon,

Thank you for your letter of the 22nd December about the revocation of the licence issued for your canteen building at Barking. I have had this matter reviewed in consultation with the Board of Trade and you will be glad to hear that this work has been allowed to proceed. Since your letter, I have had referred to me the application for the extension to your office accommodation at Brentwood, which I told you in October would be licensed, subject to agreement on technical details. You know that in order to comply with the economic policy outlined by Cripps in October, all building projects approved but not yet started (and many projects that have started but have not reached an advanced stage) are being reviewed. Unfortunately your application for office accommodation at Brentwood does not qualify for approval at the moment under present Government policy, and I have no alternative but to withdraw my approval for the issue of a licence at the moment in view of these altered circumstances. I know you will understand my difficulties in this case.

The licence, therefore, to do this work in connection with the office extension was never granted. Mr. Key says that although there was intervention by his private office as a result of the letters from Mr. Shiner, he personally did not interfere in respect of this application, except to review the application under the "White Paper" and to withdraw approval to the grant.

259. We might add that Mr. Key told us, and his evidence in this respect was supported by his private secretary, Mr. Newis, that all letters addressed personally to him are dealt with in the first instance by one of his private secretaries. Where information is required from a department of the Ministry of Works, the letter is forwarded to such department to be dealt with and the reply drafted and prepared in that department. The file with the reply attached on the outside is then put before Mr. Key for signature and, unless there is something in the reply which Mr. Key thinks calls for enquiry by him, it is signed by him as a matter of course. Other letters which refer to constituency matters are similarly dealt with by the private secretary appointed for that purpose. Letters which do not call for action or for information from any of the departments before a reply can be drafted, are similarly dealt with by one of his private secretaries in his private office. Letters addressed to Mr. Key personally are only brought to his notice when they require some personal decision by him or information which only he is able to give. In all cases where letters are addressed to Mr. Key personally, and which call for his signature to the reply, the officials of the Ministry have a working convention that such matters, if possible, should be dealt with in the private office or in the department to which it has been referred, within a week of the receipt of the letter. This convention is applied whether the matter is of importance or not, unless Mr. Key intimates that the matter is to be dealt with in the normal manner. In such cases they do not receive this expeditious treatment.

260. We have dealt in some detail with the four cases which were considered in Mr. Key's private office because of the allegations that his actions were caused by the suggested hospitality of Mr. Shiner or of gifts made by him. We are satisfied that Mr. Key and Mr. Shiner and their respective families had been intimate, personal friends for the last twenty years. Mr. and Mrs. Key have stayed with Mr. and Mrs. Shiner as their guests at week-ends on a number of occasions. During the last eighteen months their visits total seven in all. In addition there have been a few instances of meetings at dinner in London on the occasion of family celebrations. Personal presents have passed between the members of the two families, and on one occasion Mr. Shiner gave to Mrs. Key as a birthday present a miniature wireless set costing £13. According to Mr. Shiner, the value of the gifts received by his family exceeded that of the gifts given to Mr. Key and his family.

261. On a date which was not fixed by the evidence, although it was suggested it was in the summer of this year, Mr. Key attended at the opening of certain office premises at Warley, and opened them officially. He was presented with a silver salver by the directors of Intrade, Ltd. The function was a public one and was widely reported in the trade papers, and there was no secrecy.

262. We are quite satisfied that the gifts passing to and from Mr. Key and Mr. Shiner and their respective families were tokens of friendship only and that no consideration was offered or given by Mr. Shiner or Intrade, Ltd., to Mr. Key, and no consideration sought or received by Mr. Key from either Mr. Shiner or Intrade, Ltd., in connection with the applications for licences or other matters in which Mr. Key was concerned or likely to be concerned, and that the suggestions made against Mr. Key so far as they relate to the affairs of Intrade, Ltd., are unfounded.

(ii) RELATIONSHIP WITH MR. STANLEY

263. It is now necessary that we should consider the relations between Mr. Key and Mr. Stanley. Mr. Key says that he met Mr. Stanley on the 21st April 1948. He was introduced to him by Mr. Bill Adams of the Victoria Press. Mr. Key told us that Mr. Bill Adams was a friend of his of long standing, and that Mr. Adams introduced Mr. Stanley as being one of his friends. As a result, Mr. Key accepted Mr. Stanley at once as a friend. At the first meeting, there was a dinner at which Mr. and Mrs. Stanley, Mr. and Mrs. Key and Mr. Adams and Miss Myers, who was Mr. Adams's secretary, were present. Later there were two other occasions when the same party met and dined together. On each of these subsequent occasions, Mr. and Mrs. Key and Mr. Adams went to Mr. Stanley's flat before going to Grosvenor House for dinner.

264. On one occasion before the 3rd June 1948 Mr. Key was at Mr. Stanley's flat. Opposite Aldford House are certain premises known as 2, Park Street, which had since 1941 been under requisition by the Government. At this time certain decorations and renovations were in progress with a view to adapting those premises for use as hotel accommodation for overseas visitors who were guests of the Government. According to Mr. Key, Mr. Stanley was curious to know what was being done to No. 2, Park Street, and Mr. Key told him.

265. On or about 3rd June, Mr. Stanley telephoned Mr. Key and inquired if he would see him at the Ministry with a friend of his who was interested in No. 2, Park Street. Mr. Key agreed and an appointment was made for the 3rd June at the Ministry. Mr. Stanley came bringing with him two gentlemen who it is now ascertained were Mr. Harry Sherman and Mr. Archie Sherman. What actually happened at that interview is a matter of some controversy. Mr. Key, contrary to his usual custom, saw Mr. Stanley and the two Shermans alone. According to Mr. Newis, his private secretary, it is an infrequent occurrence for Mr. Key to see callers alone and in the absence of one of his secretaries or officials. After the interview, Mr. Key reported to Mr. Newis the effect of what had taken place at the meeting, and according to Mr. Newis's note made at the time, Mr. Key informed him "Mr. Stanley is interested in purchasing No. 2, Park Street, and wishes to know our intentions as to this building. In particular he asked the Minister whether we would leave the negotiations which he understood we are pursuing for a lease, in abeyance, pending the development and possibly the completion of this purchase. The Minister told us that he undertook to let Mr. Stanley know anything he could about the position."

266. In October 1948 when inquiries were being made which led to the appointment of this Tribunal, Mr. Key saw this minute and was not satisfied that it correctly set out what he had intended to tell Mr. Newis. Mr. Key says that Mr. Stanley did not tell him that he was interested in purchasing No. 2, Park Street. Mr. Key thought that the friends who were with Mr. Stanley and whose names Mr. Key did not catch when they were introduced to him were interested in some way in the premises, possibly as owners or mortgagees or shareholders in a company, but not as intending purchasers. As a result, Mr. Key saw Mr. Newis and pointed out to him that in his view the minute of the 3rd June 1948 was inaccurate. He said that all that he had known at the time was that the persons with Mr. Stanley were interested in the premises and that one of them had asked him to refrain from proceeding with any negotiations for a lease of No. 2, Park Street, pending the development of negotiations for, and possibly the completion of, the purchase of the property. Mr. Key added that all that he had promised was that he would look into the matter and let his callers know anything that they properly could be told.

267. Mr. Key explained that what he meant by "could properly be told" was information as to any action which the Ministry had taken and not as to any action which the Ministry proposed to take. Mr. Newis said in his evidence that he had no reason for believing that his original minute did not accurately represent his understanding at the time of what Mr. Key had told him.

268. It does not seem to us to be necessary to decide this difference of recollection or of understanding because the matter ended there, and no further steps were taken in relation thereto. While it may seem extraordinary that Mr. Key, at the request of Mr. Stanley, should be willing to see persons whose names he did not trouble to ascertain and whose interest in the property he did not bother to inquire—in fact they had none—we are satisfied that this was not due to any sinister relationship between Mr. Key and Mr. Stanley. It does, however, seem to us to be another case where Mr. Stanley at an early stage was using his acquaintanceship with Mr. Key to obtain access for his friends to Mr. Key as the Minister of Works, and to seek to obtain information about matters with which the Ministry were officially concerned, and, indeed, to seek to influence decisions in dealing with property in which either he or the Shermans might be interested.

269. Some time towards the end of June 1948, on a date which cannot be fixed more exactly, Mr. Key was at Mr. Stanley's flat and Mr. Stanley, according to Mr. Key's evidence, invited him about lunch time to go to the office of Mr. Isaac Wolfson in Regent Street. Mr. Key consented to go, and there met Mr. Isaac Wolfson, and had lunch there with him and Mr. Stanley.

270. In the course of that luncheon, a question was raised as to certain repairs which were necessary to the premises at 110, Broadway, Ealing; George Hopkinson, Ltd., who carried on part of their business under the style of Drage's, required these premises for this purpose. George Hopkinson, Ltd., is controlled by Great Universal Stores, of which Mr. Isaac Wolfson was the chairman and managing director. Mr. Key says that he told Mr. Wolfson and Mr. Stanley, whom he says he thought was connected with Great Universal Stores, that an application for a licence for such repairs would have to be made in the usual way through the London Regional Office of the Ministry of Works.

271. Mr. Stanley says that at that interview he asked Mr. Key that all communications in relation to the licence should be sent by the Ministry to him at 4, Aldford House, but Mr. Key disagrees with this.

272. A few days later, according to Mr. Key, he met Mr. Stanley again at the latter's flat, and Mr. Stanley then handed to him the application for the licence for 110, The Broadway, West Ealing, made on behalf of George Hopkinson, Ltd. Mr. Key took this application back to his private office and gave instructions that the application form should be sent to the London Regional Office and should be dealt with in the usual way, but that all correspondence on the matter should be addressed to Mr. Stanley at Aldford House. A minute was addressed to the Regional Licensing Officer, London, that "these papers have been handed to the Minister; he only wishes them to be dealt with in the normal way, but he asks that all correspondence on the matter shall be addressed to Mr. Stanley," giving his address. The matter was duly investigated by the Regional Licensing Office for London, and on the 4th August, 1948, the application was refused.

273. In the meantime, on the 21st July 1948, Mr. Stanley again met Mr. Key and Mr. Stanley asked him if he would care for a new suit. Mr. Key says he understood that Mr. Stanley was the owner or part owner of the tailoring business at 80, South Audley Street, that is to say, the business that was carried on by Mr. Teper. Mr. Key said that he would like a new suit, and he went with Mr. Stanley to 80, South Audley Street, and he was there measured for the suit. Mr. Teper had no suitable cloth in stock, and Mr. Key and Mr. Stanley and Mr. Teper went to a merchant's in Savile Row, and chose the cloth out of which the suit was to be made. Mr. Key did not inquire the price of the suit, either at Mr. Teper's shop or at the merchant's in Savile Row, but he says he told Mr. Stanley he did not want to pay any fancy prices for the suit. On the 29th July, Mr. Key had his first fitting for this suit, but as he was going away he said the second fitting would have to await his return. He says his reason for this was that he had no clothing coupons left for the then current coupon period and he did not desire to have his second fitting or take delivery of the suit until September, when new coupons would become available. Before that time arrived, Mr. Key had heard that some trouble had arisen in relation to Mr. Stanley's activities, and he did not attend for the second fitting. He says that later, on 11th November 1948, when Mr. Teper wrote to him and asked him to attend for a second fitting, he thought it would

not be right to do so, as he desired to leave matters as they then stood until after this Tribunal had completed its inquiry. Mr. Teper says that this suit has, in fact, been paid for by Mr. Stanley, and that Mr. Stanley has handed him the coupons in respect of the suit. Mr. Stanley denies that he has paid Mr. Teper for the suit, or has given him any coupons in respect thereof.

274. We have little doubt that Mr. Stanley intended to make a gift of this suit to Mr. Key, as we have found he did in the case of Mr. Belcher and Mr. George Gibson. On the other hand, we are not satisfied that Mr. Key realised that that was Mr. Stanley's intention, and so far as he is concerned, we accept his statement that he always intended to pay for the suit.

275. Apart from this question of the suit and such hospitality as Mr. Key may have received from Mr. Stanley at the three dinners at which he and his wife were present, there is little evidence of any other gifts or consideration passing from Mr. Stanley to Mr. Key. Mr. Key said that on two occasions when calling at Mr. Stanley's flat he received two bottles of whisky, one for himself and one for Mr. Bill Adams. Mr. Key says to make some return for this, he made a present to Mr. Stanley's wife of two ornamental dolls, for which he paid three guineas each. Mr. Key's bank accounts have been produced to and investigated by us, and they disclose no trace of monetary payments to him, apart from his remuneration as Minister of Works. He tells us, and we accept it, that he has no investments and no savings, and that his bank book reflected his whole wealth. There has been no suggestion by anybody that any money was paid to Mr. Key.

276. Our view of the position between Mr. Stanley and Mr. Key is that Mr. Stanley, having obtained an introduction, was seeking, as he had done in the case of Mr. Belcher, to secure Mr. Key's friendship, and then by hospitality and other gifts to put Mr. Key under obligation to him, and so induce Mr. Key to show favour to him and his associates. Mr. Stanley had already used Mr. Key to this extent that he had secured interviews between the Shermans and Mr. Key in relation to 2, Park Street, and interviews between Mr. Key and Mr. Wolfson, and his own acceptance as accredited representative of Great Universal Stores, in respect of applications for licences for 110, Broadway, Ealing. He had further used Mr. Key by arranging for his presence at his flat on the 22nd July 1948 to give some colour to his story to Mr. Darby that upon payment of £10,000, he could secure licences from the Ministry of Works for the reinstatement of 34, Berkeley Square (paras. 171-4).

277. We are quite satisfied that Mr. Key in his official actions was not influenced by any gifts or hospitality he may have received from Mr. Stanley and neither sought or received such gifts or hospitality in connection with any applications which might be made to him or his Ministry.

THE RT. HON. WILLIAM GEORGE GLENVIL HALL, M.P.

278. Mr. William George Glenvil Hall is the Financial Secretary to the Treasury. The allegations concerning him were made in a statement by Mr. Price of what he said he had been told by Mr. Harris (paras. 183-4). The effect of this statement was that the £10,000 which was to be paid on the grant of a licence for the importation of prototype amusement machinery

and devices was to be divided between Mr. Stanley, Mr. Glenvil Hall and Mr. Belcher, and that Mr. Glenvil Hall and Mr. Belcher were making fortunes out of that sort of thing.

279. Mr. Glenvil Hall first met Mr. Stanley on the 22nd April 1948. As we have already stated, that meeting was brought about at the insistence of Mr. Gibson (paras. 222-4). At that meeting the discussion was confined to the two questions of securing a dollar loan from financiers in the United States of America upon the security of the advances to be made under the Marshall Plan, and of a joint loan for the development of the resources of Africa. Both these questions were referred by Mr. Glenvil Hall to the Chancellor of the Exchequer, and the scheme in relation to the dollar loan on the Marshall Plan was rejected. The question of the importation of amusement machinery or devices was not mentioned in any way. It will be recalled that the question of the importation of machinery did not arise until June 1948 (para. 180).

280. The next occasion upon which Mr. Glenvil Hall met Mr. Stanley was at the dinner to Mr. W. H. Stevenson on the 15th June 1948. That was the dinner for which tentative arrangements had been made by Mr. Gibson and Mr. Stanley for Mr. Harry Sherman to sit between Mr. Young and Mr. Glenvil Hall (para. 229). Mr. Young did not attend and for some reason Mr. Glenvil Hall was placed next to Mr. Isaac Wolfson and not next to Mr. Sherman. Mr. Glenvil Hall arrived rather late at that dinner and had to leave somewhat early. In the course of that dinner, Mr. Glenvil Hall learned that Mr. Wolfson was going to the United States of America with full Treasury backing on matters in which the Treasury was concerned, and the proposed visit was discussed between them.

281. At that time Mr. Glenvil Hall and the Treasury were interested in the question of the possibility of financing film production. Mr. Glenvil Hall raised this question and found Mr. Wolfson interested, and a short discussion took place about it. Owing to Mr. Glenvil Hall's having to leave early, he was not able to discuss this question of financing film production as fully as he desired, and an arrangement was made for him to meet Mr. Wolfson at lunch a few days later. Mr. Glenvil Hall attended this lunch with Mr. Wolfson, and in addition there were present Mr. Isaac Wolfson's son and Mr. Stanley.

282. On the occasion of that luncheon, Mr. Stanley took the opportunity of asking Mr. Glenvil Hall if he could bring a friend of his, Mr. Sherman, to see him in connection with some difficulty he was having in relation to football pools. Mr. Glenvil Hall told Mr. Stanley to ring up his office and his secretary would arrange an appointment. This appointment was made for the House of Commons on the 23rd June 1948. On that date Mr. Stanley and Mr. Sherman saw Mr. Glenvil Hall. Mr. Sherman informed Mr. Glenvil Hall that he was desirous of forming a company with a public issue to acquire Sherman's Pools Ltd. and asked Mr. Glenvil Hall's view as to the possibility of obtaining the consent of the Capital Issues Committee to this issue, and asked for information as to what procedure he would have to adopt and what kind of information he would have to disclose. Mr. Glenvil Hall informed Mr. Sherman that it was difficult for him to help because it had nothing to do with him and that the Capital Issues Committee was a semi-independent body and so far as its day to day work was concerned, it had complete autonomy although it worked under general Treasury control. Mr. Glenvil Hall added that the Capital Issues Committee would require disclosure of all

relative information. Mr. Sherman says that as a result of the interview he was left under no delusion as to the hopelessness of obtaining the consent of the Capital Issues Committee to the proposed public issue.

283. Mr. Glenvil Hall's attitude to Mr. Stanley and Mr. Sherman at this interview was purely official and no criticism can be made of his conduct at or in relation to this interview. We have, however, thought it desirable to set out details of the interview fairly fully because of the remarkable coincidence that it was on the same day, namely, 23rd June 1948 that Mr. Sherman handed to Mr. Stanley the cheque for £7,000 and with him saw Mr. Belcher at the House of Commons with regard to the paper allocation (para. 122). According to the evidence, both of Mr. Sherman and of Mr. Glenvil Hall, they did not meet again.

284. On the 12th July Mr. Stanley rang up Mr. Glenvil Hall's private office requesting an interview. He was very insistent with the result that Mr. Glenvil Hall consented to see him, which he did at the House of Commons and there gave him a cup of tea in the public refreshment room. Mr. Glenvil Hall has little recollection of this conversation, but he remembers that he told Mr. Stanley that there were one or two film producers who were still looking for finance, and that he felt Mr. Wolfson might be interested. Mr. Glenvil Hall says he told Mr. Stanley this because he thought Mr. Stanley was in Mr. Wolfson's confidence.

285. This was the last occasion upon which Mr. Glenvil Hall saw Mr. Stanley, but whilst Mr. Glenvil Hall was away on holiday towards the end of August 1948, according to what Mr. Glenvil Hall was told upon his return, Mr. Stanley had visited the Treasury with his wife and said they were anxious to obtain extra currency for her to go to the United States of America, as she was going upon a business deal and that Mr. Glenvil Hall knew all about it. According to Mr. Cross's evidence, this visit by Mr. and Mrs. Stanley to the Treasury was on the 30th August 1948. When Mr. Glenvil Hall heard of this on his return, he was extremely annoyed that this untrue statement had been made by Mr. Stanley to the officials of the Treasury, and immediately warned his staff to be very careful if Mr. Stanley rang up again.

286. On the 13th September 1948, a meeting at No. 10 Downing Street took place on the eve of the September Session of Parliament, at which there was a large gathering of members of the Government. At that meeting, Mr. Glenvil Hall saw Mr. Belcher and warned him about Mr. Stanley, telling him of what had occurred in relation to Mr. Stanley's application for currency, and that Mr. Belcher should be on his guard. Mr. Belcher replied that he knew Mr. Stanley and had done so for some time and knew a good deal about him and there was no necessity for the warning, so far as he was concerned.

287. We have now set out the whole of the facts relating to Mr. Glenvil Hall's meetings with Mr. Stanley. He only met him on four occasions, and on none of those occasions was any question of the importation of machinery discussed.

288. The allegations against Mr. Glenvil Hall depend entirely upon the evidence of Mr. Price that he had been told by Mr. Harris of the division of the £10,000, and that Mr. Glenvil Hall was making a fortune out of that

sort of thing. Mr. Harris denied that he made this statement, but, as previously indicated, we accept the evidence of Mr. Price that such a statement was made (paras. 183-4). There is, however, no foundation for the making of such a statement. Neither Mr. Glenvil Hall nor the Treasury were ever approached by Mr. Stanley or anyone else in relation to such importation, and Mr. Glenvil Hall knew nothing whatever of any such suggestion.

289. In regard to the meetings which Mr. Glenvil Hall had with Mr. Stanley, Mr. Sherman and Mr. Isaac Wolfson, there is no suggestion of or any evidence of any indiscretion or impropriety on the part of Mr. Glenvil Hall, and no suggestion by anybody of any offer to him or payment to him of any money or other consideration for anything that he may have done, either by the persons to whom we have referred or by anyone else.

SIR JOHN WOODS, K.C.B., M.V.O.

290. Sir John Woods is the Permanent Secretary to the Board of Trade. No specific allegations have been made concerning Sir John although Mr. Cross mentions his name in giving an account of a conversation which took place between him and Mr. Belcher in June 1948. Mr. Belcher told Mr. Cross that rumours were going round that the Shermans had bribed Sir John Woods, Mr. Cross and himself in order to get their prosecution dropped. Mr. Cross says that he remarked to Mr. Belcher that Sir John Woods would be very interested to hear of these rumours and that Mr. Belcher retorted, "Oh, it is just rumour; do not worry about it". At that time apparently Mr. Belcher was treating the rumours as being of no account and did not take them seriously. We are satisfied that so far as Sir John Woods and Mr. Cross were concerned these rumours were without foundation.

291. The only other matter in connection with which Sir John Woods' name is mentioned is that of the conversation alleged by Mr. Bieber to have taken place on the telephone between Mr. Stanley and "Sir John Wood" on the 27th August 1948. We have already dealt with this conversation (paras. 192-8) and are satisfied that it did not take place and that Sir John Woods was in no way concerned with any application relating to the importation of amusement machinery.

292. We have dealt with Sir John Woods' actions in relation to the withdrawal of the prosecution against Sherman's Pools Ltd. (paras. 106, 111). All we need to add is that Sir John Woods thought the prosecution should continue and minuted the file to that effect. Later after Mr. Belcher had decided on the withdrawal of the regulation requiring the payment of at least ½d. for the delivery of a coupon and of the prosecution without consulting him, he was moved to protest to the President. No one suggests that Sir John Woods received any gifts or considerations of any kind from either Mr. Stanley or Mr. Sherman or anyone else. Sir John Woods never met Mr. Stanley or, as far as the evidence goes, any of the Shermans. We are quite satisfied that in all these matters Sir John Woods has acted with discretion and propriety and any suggestions of improper conduct are baseless and without foundation.

THE RT. HON. SIR FRANK SOSKICE, K.C., M.P.

293. Sir Frank Soskice is the Solicitor-General. The only suggestion made against Sir Frank Soskice is that Mr. Sherman says that he was told by Mr. Stanley that £5,000 had been divided between Mr. Belcher and Sir Frank Soskice before the withdrawal of the prosecution against Sherman's Pools Ltd., and a further £5,000 divided between them after the withdrawal of the prosecution. This allegation was repeated by Mr. Sherman to Mr. D. Rufus Williams at his interview with him before the 11th August 1948. Mr. Stanley denies that he made these statements. We deal with this matter in considering the cases of Mr. Belcher, Mr. Cross and Mr. Gray (paras. 163, 322-3, 304-312). We are satisfied that if Mr. Stanley did make the statements which Mr. Sherman alleges that he made such statements so far as they relate to Sir Frank Soskice have no foundation in fact and we are equally satisfied that Sir Frank Soskice received no money from Mr. Stanley or Mr. Sherman for the withdrawal of the prosecution or at all. It is only necessary to add that the proceedings against Sherman's Pools were no concern of the Solicitor-General or of the Law Officers' Department. Sir Frank Soskice was not in any way interested in those proceedings and was never consulted about them. Sir Frank Soskice never met Mr. Stanley or any of the Shermans.

The suggestions made in relation to Sir Frank Soskice are quite baseless.

THE RT. HON. HUGH DALTON, M.P.

294. Mr. Hugh Dalton is now the Chancellor of the Duchy of Lancaster and was formerly Chancellor of the Exchequer. He ceased to be Chancellor of the Exchequer in 1947 and was out of office until the 1st June 1948, when he was appointed to his present position.

295. No allegations had been made against Mr. Dalton when the Tribunal was appointed, but in the course of Mr. Stanley's evidence he had stated that he met Mr. Dalton at the dinner on the 23rd March 1948, in honour of Mr. Gibson at Grosvenor House. Mr. Stanley went on to say that Mr. Dalton had been offered a directorship by Mr. Isaac Wolfson in Great Universal Stores Ltd. He later altered his evidence and said that Mr. Dalton had sought a directorship in Great Universal Stores and that Mr. Isaac Wolfson had refused to accept him as a director. Mr. Stanley also referred in his evidence to a visit by Mr. Dalton to his flat and to Mr. Wolfson's office, and also to letters written to him by Mr. Dalton, and one by Mr. Dalton's secretary signed "per pro Hugh Dalton" and addressed "Dear Stan".

296. Mr. Dalton on hearing of this evidence apparently thought that some suggestion was being made to the effect that Mr. Stanley had been trying to secure his favour either as a Member of Parliament or in any subsequent office he might hold by procuring the offer of a directorship to him, and applied to us for permission to be heard as a witness. As this was an inference which might possibly be drawn from Mr. Stanley's evidence, and as Mr. Dalton now holds an office as Minister of the Crown, we felt it right to give him an opportunity of giving evidence. Other applications have been made to us by persons to give evidence before us which we have had to refuse because although their names have been mentioned, there was no evidence from which any inference could be drawn that they were concerned in any transaction which called for investigation under the terms of our Appointment.

297. Mr. Dalton was invited to attend the dinner to Mr. Gibson on the 23rd March 1948 by Mr. W. H. Stevenson. This was one of the dinners paid for by Mr. Stanley, although Mr. Dalton did not know this. Mr. Dalton arrived late at the dinner after the speeches were over. As he was leaving he was accosted by Mr. Stanley who introduced himself as a supporter of the Labour Party. Mr. Stanley said, "We should like you to join us in the G.U.S., now that you are no longer a member of the Government". Mr. Dalton says that he did not at the time know what "G.U.S." meant. Mr. Stanley suggested to Mr. Dalton a further meeting, but Mr. Dalton sought to put him off by saying that he was going away for Easter. This conversation took place as Mr. Dalton was walking from the dining room to his taxi outside and was of very short duration. After Mr. Dalton's return he received a letter from Mr. Stanley asking for permission to come and see him, and Mr. Dalton decided he would like to see Mr. Stanley's surroundings and to meet him at his address (Aldford House) which he thought was an office. Mr. Dalton visited Mr. Stanley's address on the 15th April 1948 in the afternoon, and then found that this was a flat.

298. At that interview, Mr. Stanley sought to impress Mr. Dalton by telling him that he had sent a large number of motor-cars to the Gravesend by-election, and a smaller number to the North Croydon by-election, and dilated at length upon his association with the Labour Party. Mr. Stanley then raised the question of Mr. Dalton becoming a director of G.U.S. By this time Mr. Dalton had ascertained that these initials stood for "Great Universal Stores". Mr. Stanley said, "We would be very glad if you would join the board". Upon Mr. Dalton saying that this was not in his line, and he was too busy to take on further commitments, Mr. Stanley replied, "We know you are very busy, but of course that can be arranged. You need attend only one meeting a month, and in return for this there would be a substantial fee". Mr. Dalton told us that at that time he in fact was anticipating that he might shortly be returning to the Government and that he had no desire for a directorship and he therefore brushed aside the offer. None the less, Mr. Stanley persuaded him to see "our chairman, Mr. Wolfson", who, he said, would be pleased to describe all the very fine work which G.U.S. was doing, particularly in development areas. It was this reference to development areas, in which Mr. Dalton tells us he had been interested for twenty years, that turned the scale and induced Mr. Dalton to agree to attend at Mr. Wolfson's next day. On the 16th April 1948 in accordance with the arrangement made, Mr. Stanley called for Mr. Dalton at noon and took him to Mr. Wolfson's office at Jay's in Regent Street. At that interview Mr. Wolfson gave a long description of the work of G.U.S. in development areas, particularly of the development on the Tyneside at West Churton and in the Rhondda Valley in South Wales. There was no mention of any offer of directorship or any discussion as to a directorship at that interview. Both Mr. Dalton and Mr. Wolfson agree upon this point. At the conclusion of the interview Mr. Stanley took Mr. Dalton by car to his next appointment.

299. Mr. Stanley's account differs from that of Mr. Dalton, as he says in one version of his evidence that Mr. Dalton was seeking a directorship of £10,000 a year, and that Mr. Wolfson would not have him. He said that he took Mr. Dalton to Mr. Wolfson's office because the former was seeking a directorship, and when challenged about it said "You can ask him" (meaning Mr. Dalton) "yourself and put him in the box". We prefer Mr. Dalton's recollection of this matter to that of Mr. Stanley, and are quite satisfied that the offer of the directorship came from Mr. Stanley and was not of Mr. Dalton's seeking and, in fact, was refused by Mr. Dalton.

300. Later Mr. Stanley made one or two attempts to see Mr. Dalton and asked Mr. Dalton to meet him on the evening of the 5th May 1948. Mr. Dalton says that he had formed a bad impression of Mr. Stanley at the time of the interview at Mr. Wolfson's office, and was not desirous of meeting Mr. Stanley again. He, therefore, instructed his secretary to write to Mr. Stanley, refusing the invitation. That letter dated the 4th May 1948 reads: "Dear Stan, I am afraid I am engaged to-morrow evening so I shall not be able to see you. Yours sincerely, p.p. Hugh Dalton, M. J. O'Donovan, Secretary". As Mr. Dalton had met Mr. Stanley on only three occasions prior to this, he was asked how it came about that he was addressing Mr. Stanley as "Dear Stan". Mr. Dalton's explanation was that this was done without his knowledge although he dictated the letter. His suggestion was that it was a mistake by his secretary as the result of his voice dropping in dictation, and the secretary accordingly misheard him. We did not think it necessary further to investigate this explanation as it did not seem to us to be helpful in deciding any matter within the terms of our Appointment.

301. The only time afterwards Mr. Dalton met Mr. Stanley was as a result of a casual encounter in the House of Commons in July 1948 when Mr. Stanley tried to stop him as he was in a hurry to enter the House, and Mr. Dalton simply said, "Hullo, I must go through".

302. The suggestion that Mr. Dalton sought a directorship depends entirely upon the evidence of Mr. Stanley. Mr. Wolfson denies that any question of the offer of a directorship was discussed, either by him with Mr. Stanley or by him with Mr. Dalton. We believe that Mr. Stanley without any authority from Mr. Isaac Wolfson did make the offer of a directorship to Mr. Dalton, and that Mr. Dalton declined it. Whatever may have been Mr. Stanley's motive in making this offer, we are quite satisfied that it had no influence on Mr. Dalton's mind, and was not considered by him as an offer to him of a consideration to influence his future conduct. It was indeed unsought by him and unwanted by him.

MR. HAROLD JAMES GRAY

303. We now consider the allegations made against Mr. Harold James Gray. He is an Assistant Secretary in the Board of Trade and since 1942 has been in charge of the paper section of the Raw Materials Department. As such he was in charge of the department which dealt with paper control matters affecting the football pools and betting businesses.

304. Mr. Belcher says that Mr. Sherman told him at an interview on the 11th August 1948 that Mr. Stanley had said that in addition to the payment to Mr. Belcher and the Solicitor-General "Mr. Gray had to be looked after" (para. 134). According to the evidence of Mr. Cross, Mr. Rufus Williams told him during his interview on the 26th August 1948, that, in addition to Mr. Belcher, Mr. Stanley had said to Mr. Sherman that he (Cross) and Mr. Gray had also received money (para. 144). It was upon this evidence that the suggestions against Mr. Gray are based.

305. There is no evidence before us that Mr. Gray and Mr. Stanley ever met. Mr. Gray first met Mr. Sherman in 1946 when the latter was one of a deputation of pool promoters in relation to the allocation of paper for use by the pool promoters. Mr. Gray was at that meeting as the permanent official concerned to assist Mr. Belcher with that matter. The first

time he had to concern himself in any matter in which either of the Shermans were personally interested was in connection with the question of the continuation or withdrawal of the prosecution of Sherman's Pools Ltd. The file relating to this matter came to Mr. Gray from the private secretary to Sir John Woods on the 31st March 1948. In dealing with the case of Mr. Belcher we have set out the effect of the minutes made by Mr. Gray in the file and his attitude to the proposed withdrawal, and the fact that he made a memorandum giving his account of the discussion with Mr. Belcher on the 27th April, and showing his reaction to the withdrawal of the prosecution (paras. 105-111). Mr. Gray's attitude was consistent throughout and was always against the withdrawal of the prosecution.

306. Mr. Gray told us that on one occasion, the date of which we are unable to fix, when Lord Sempill was seeing Mr. Gray in relation to the allocation of paper for periodicals in which Lord Sempill was interested, he mentioned to Mr. Gray that he had received certain information about the allocation of paper to Sherman's Pools and that he would like Mr. Gray to hear it, as the suggestion was that the then allocation was unfair as between Sherman's Pools and other pool promoters. A lunch was arranged at Grosvenor House at which Mr. Gray met Lord Sempill, Mr. Harry and Mr. Abraham Sherman. Mr. Harry Sherman again repeated his arguments to Mr. Gray, giving his reasons for saying that the allocation of paper was unfair and going into the question in very full detail. His arguments, however, did not impress Mr. Gray who was satisfied in his own mind that the paper allocation was in the circumstances quite fair. Whenever this lunch took place, nothing was said about the prosecution. This was the only occasion when Mr. Gray met either of the Shermans outside his official duties.

307. After the withdrawal of the prosecution, further complaints were received by the Board of Trade that Sherman's Pools were again distributing coupons without receiving payment for them. As a result of these complaints, Mr. Gray formed the opinion that Sherman's Pools were exceeding their paper allocation. Accordingly he wrote a letter to them on the 12th May 1948, informing them of these complaints and warning them that they were likely to have their paper allocation reduced.

308. The next occasion upon which Mr. Gray saw Mr. Harry Sherman was on the 24th June 1948 when the latter kept the appointment which had been made the previous day by Mr. Belcher with Mr. Sherman for that date. This incident we have also dealt with fully in dealing with Mr. Belcher's case, and we have nothing to add to what we have there said (para. 124), except to point out that Mr. Gray expressed strong views of disapproval when he heard from Mr. Sherman that they had used paper in excess of that allotted to them.

309. As a result of this disclosure by Mr. Sherman, Mr. Gray with the concurrence of Mr. Belcher, sent on the 9th July 1948, investigators from the Board of Trade to the Cardiff offices of Shermans Pools to ascertain the true position, with a view to possible further action.

310. On the 26th August, Mr. Cross told Mr. Gray of the allegations which had been mentioned to him by Mr. Rufus Williams, including the suggestion that he, Gray, had also been bribed (para. 144). Mr. Gray at once reported the matter to Mr. Fennelly, an Under Secretary of the Board of Trade, and on the 28th August made a memorandum setting out his recollection of what Mr. Cross had told him on the 26th August. Thereafter the matter was handled by his superiors.

311. Although we are satisfied that Mr. Rufus Williams, in spite of his denials, did state to Mr. Cross that Mr. Gray had received money, and that Mr. Sherman told Mr. Belcher that Mr. Gray had "to be looked after", we are satisfied that there was no truth in either of these statements. Mr. Rufus Williams was only repeating what had been said to him by Mr. Sherman and Mr. Sherman repeating what he said had been said to him by Mr. Stanley. It may be that Mr. Stanley, in spite of his denial, did say to Mr. Sherman what Mr. Sherman says he said. Whether Mr. Stanley said it or not, we are satisfied there was no foundation for the statement. Mr. Gray was opposed to the withdrawal of the prosecution against Sherman's Pools and to any increase in the existing paper allocation. He was responsible for sending in the investigating officers to Cardiff in July 1948, and throughout by his actions made it clear that he would show the Shermans no undue or improper favour. As soon as he heard of the allegations made against him, he promptly reported the matter to higher authority.

312. We are satisfied there is no ground for any of the suggestions which have been made in relation to Mr. H. J. Gray and in our view, as we have already stated, it was his strong attitude that prevented Mr. Belcher from increasing the Sherman paper allocation on the 24th June 1948 (paras. 124, 166).

MR. JAMES RICHARD CROSS

313. Mr. James Richard Cross, who is 27 years of age, went straight from Trinity College, Dublin into the Army and joined the Civil Service in 1947, being appointed to the Board of Trade. In December 1947 Mr. Cross was appointed private secretary to Mr. Belcher in place of Mr. Gerald Lionel Pearson.

314. When Mr. Cross was appointed private secretary Mr. Stanley was already seeking to see Mr. Belcher at the private office frequently and Mr. Pearson had been doing his best to protect Mr. Belcher from these visits (para. 73). Mr. Pearson warned Mr. Cross that Mr. Stanley was inclined to exaggerate his own importance and took Mr. Cross to visit Mr. Stanley so that the former could judge for himself what manner of man the latter was.

315. On his appointment Mr. Cross tried to discourage Mr. Stanley's attempts to see Mr. Belcher at his private office, but was told by Mr. Belcher that all he, Mr. Cross, had to do so far as Mr. Stanley was concerned, was to confine himself to being polite, and that he, Mr. Belcher, would deal with Mr. Stanley. The result of this was that Mr. Cross quite properly ceased his efforts to discourage Mr. Stanley's visits.

316. Apparently the firm of Samuel Soden, Ltd., which was controlled by Swears & Wells, Ltd., had imported into this country in December 1945 a quantity of rabbit (fur) skins from Russia. The goods were brought into this country upon the terms that they might not be sold here but might be manufactured into coats which should remain in bond until exported abroad. Sodens had been endeavouring to secure their release from this condition from 1946 onwards. In August 1947 Mr. Stanley, who was then associated with Mr. Cyril Ross in negotiations for the acquisition of J. Jones (Manchester) 1920 Ltd., and on other matters, offered to assist Mr. Ross in obtaining the release of the skins from bond. Mr. Stanley approached Mr. Belcher in reference to this matter on behalf of Mr. Ross and Sodens. Shortly after

Mr. Cross's appointment as private secretary Mr. Belcher on the 29th December 1947 wrote to Mr. Stanley informing him that the Import Licensing Department were prepared to release the skins from bond, provided it was agreed that the skins so released should be offset against quotas earned under the new fur trade import-export scheme. Mr. Stanley apparently left with the Board of Trade the licences which had been granted originally for the importation of these skins from Russia and these were not returned to him when Mr. Belcher wrote this letter. Mr. Stanley inquired for these licences and Mr. Cross as private secretary for Mr. Belcher at Mr. Stanley's request wrote on the 6th January 1948 returning the import licences which had been left at the department by Mr. Stanley. This is the only part that Mr. Cross played in this matter.

317. The next matter in which Mr. Cross appears to have been at all concerned was in relation to an application by Swears & Wells on the 25th September 1947 for a licence to import certain machinery which was required to complete the equipment of their factory at Gorseinon, South Wales. Mr. Stanley busied himself about the matter and early in January 1948 approached Mr. Belcher's private office to secure his assistance in speeding up the grant of the licence. According to Mr. Cyril Ross, this was done by Mr. Stanley contrary to his wishes and he said he resented Mr. Stanley's interference. As a result of this approach of Mr. Stanley one of Mr. Belcher's assistant private secretaries telephoned Mr. Foy Swinfen Barber, a principal in the Import Licensing Department of the Board of Trade and told him that a man whom Mr. Barber later discovered was Mr. Stanley was worrying Mr. Belcher and would Mr. Barber take this man off their hands. Mr. Barber agreed to do this assuming that Mr. Stanley's business concerned the Import Licensing Department. Mr. Cross at this time was seeking to protect Mr. Belcher from Mr. Stanley's visits and the inference may be that it was he who gave these instructions to the assistant private secretary. In doing this he was simply carrying out his duty and according to the evidence was not thereafter concerned in this matter. Ultimately without any further interference, so far as we can ascertain, on the part of Mr. Belcher or his private office, the licence was granted quite properly on the 27th January 1948.

318. The next matter in which Mr. Cross is concerned is in Mr. Belcher's relationship with Sir Maurice Bloch. On the 25th February 1948 Mr. Cross was in Glasgow with Mr. Belcher and went with him to see Sir Maurice Bloch at the latter's office. We have dealt with this interview in detail in considering the case of Mr. Belcher (para. 47). It is unnecessary that we should repeat the history of this relationship and the transactions which took place as we have there already indicated what part Mr. Cross played in these matters. We ought, however, to refer to two incidents in this history in relation to Mr. Cross. At the interview on the 7th July 1948 with Sir Maurice Bloch at Glasgow, Mr. Cross was offered a bottle of whisky which he accepted. This was done in the presence of Mr. Belcher and, indeed, in some degree at Mr. Belcher's request, as when the two bottles were being wrapped up together for the use on the way home of Mr. Belcher and Mr. Cross, Mr. Belcher pointed out that they were going by different trains and as a result they were wrapped up separately and one given to Mr. Cross and one to Mr. Belcher. Mr. Cross was obviously placed in a very embarrassing position. We feel it would have been difficult for him to refuse the gift in the circumstances, and we cannot feel that any blame attaches to him for having accepted this gift.

319. The other matter also concerns a bottle of whisky which, at the suggestion of Sir Maurice Bloch, was given to Mr. Cross in August 1948. Again

Mr. Cross was placed in a very difficult position, this time by the direct action of Mr. Belcher in offering him a bottle of whisky. It might have been wiser if Mr. Cross had not accepted this gift, but we think it would be unfair to place any blame upon Mr. Cross, in the difficult circumstances in which he was placed.

320. We now have to return to such relationship as there was between Mr. Cross and Mr. Stanley. Mr. Cross told us that he had been to Mr. Stanley's flat on a number of occasions, some ten or eleven in all, always with Mr. Belcher except on three occasions.

321. The first occasion was on his appointment when he was taken there by Mr. Pearson in December 1947 so that he could see what manner of man Mr. Stanley was, (Para. 73). The second occasion was in May 1948 when Mr. Belcher was in hospital. Mr. Cross felt that it was in part due to Mr. Belcher drinking too much, and that one of the reasons for this was Mr. Stanley's hospitality. He went to see Mr. Stanley at his flat and asked Mr. Stanley to assist in the matter by discouraging Mr. Belcher from drinking at Mr. Stanley's flat. Mr. Cross said he did this because he thought Mr. Stanley was a friend of Mr. Belcher and would help. The third occasion was in August 1948 after the birthday dinner to Mr. Belcher on the 5th of that month. At that dinner Mr. Cross was present with his wife, and photographs of the gathering had been taken and he went to Mr. Stanley's flat to see the proofs of the photographs. We are satisfied that on none of these occasions did Mr. Stanley ever endeavour to influence Mr. Cross in any official matter.

322. On the 26th August 1948 Mr. Rufus Williams asked Mr. Cross to lunch with him. At that lunch a conversation took place between them as to the alleged bribes, which we have already set out in dealing with the case of Mr. Belcher (para. 144). We have also given particulars of the conversations between Mr. Cross and Mr. Williams on the 27th and 30th August (paras. 144-5).

323. It will be remembered that according to Mr. Cross, Mr. Williams had told him on the 26th that in addition to Mr. Belcher both he and Mr. Gray had also received money in connection with the withdrawal of the Sherman prosecution. At this time the President's private secretary, Mr. C. M. P. Brown, was away, but Mr. Cross at once saw Mr. Gray about the matter and Mr. Gray said he would take it up to a higher level. Mr. Gray reported the matter immediately to Mr. R. D. Fennelly, C.B., one of the Under Secretaries of the Board of Trade. Later Mr. Gray saw the President's private secretary as soon as he was available and repeated what had been suggested by Mr. Williams. Mr. Cross later saw Sir John Woods and reported the matter to him, and on the 31st August Mr. Cross made a memorandum in writing of his recollection of what had been said at the interview with Mr. Williams on the 26th August. Thereafter the matter was dealt with by the President of the Board of Trade and eventually by the Lord Chancellor.

324. In Mr. Belcher's case we have also dealt with the evidence of Mr. Bieber that a conversation took place on the 27th August 1948 between "Mr. Stanley" and "Cross" and "Sir John Wood" (paras. 192-8). All we need say here about it is that we accept Mr. Cross's recollection that no such conversation took place with them.

325. On the 30th August 1948 Mr. Cross received the telephone message to which we have already referred from Mr. Stanley, who spoke from Mr. Glenvil Hall's office in the Treasury (para. 237). Later in company with

Mr. Brown, the President's private secretary, Mr. Cross saw Mr. Stanley when he called to try and obtain an extra currency allowance for the business purposes of his wife. We have dealt with this matter also in the case of Mr. Gibson (para. 238).

326. So far as Mr. Cross is concerned, the only gifts he is alleged to have received are the two bottles of whisky from Sir Maurice Bloch, and some hospitality at Mr. Stanley's flat and at the birthday party on the 5th August, 1948. We are quite satisfied that so far as Mr. Cross is concerned, he did not regard these gifts and hospitality as being made with a view to obtaining favours from him, nor did he allow himself to be influenced by the receipt of such gifts and hospitality. All that he did was to carry out the instructions he received from Mr. Belcher, and we do not find him blameworthy for anything that he did.

MR. GERALD LIONEL PEARSON, M.C.

327. Mr. Gerald Lionel Pearson was private secretary to Mr. Belcher from the time of Mr. Belcher's appointment as Parliamentary Secretary to the Board of Trade in January 1946 until he left in the middle of December 1947 to become a principal in the Import Licensing Department of the Board of Trade.

328. There is no specific allegation in relation to Mr. Pearson that he was either offered, was given, sought or received any consideration for anything he did. Mr. Pearson met Mr. Stanley as a result of being taken to Mr. Stanley's flat by Mr. Belcher and later Mr. Stanley rang up the private office of the Board of Trade on many occasions in an endeavour to obtain appointments to see Mr. Belcher. Mr. Pearson took the view that Mr. Belcher should be spared these visits and did all he could to prevent them taking place.

329. The only matter in which Mr. Pearson seems to have been concerned in relation to Mr. Stanley was the application which had been made on behalf of Samuel Soden Ltd., for the release from bond of the imported Russian rabbit (fur) skins. It will be remembered that Mr. Cyril Ross of Swears & Wells Ltd., controlled Samuel Soden Ltd., and that Mr. Stanley was busying himself about these applications (para. 316.). Apparently Mr. Stanley rang up Mr. Pearson and asked him to attend at his flat to see the papers in reference to this application as they were bulky and he did not know which to send to the Board of Trade. Mr. Pearson suggested that he should write to the Board sending in the documents, but Mr. Stanley said that this would be a waste of time and pressed Mr. Pearson to come to his flat. Eventually Mr. Pearson agreed to do this, and went to the flat and saw the papers and some of them were handed to him by Mr. Stanley. Upon that Mr. Pearson apparently had a word with Mr. Belcher about the matter and wrote a minute dated the 2nd December 1947, setting out the circumstances and saying that the Parliamentary Secretary would like advice on these cases. Before Mr. Belcher ultimately dealt with the matter on the 29th December Mr. Pearson had ceased to be his private secretary and apart from his minute of the 2nd December was not concerned with the consideration of the application.

330. In June 1948 when Mr. Pearson was a principal in the Import Licensing Department Mr. Stanley rang him up at the Board of Trade on one occasion and told him that there was a project which had the backing

Cabinet Ministers that a business man should be sent to the United States of America as a sort of trade ambassador ; that certain officials who had knowledge of the Government Departments of this country should accompany him and that he, Mr. Stanley, was acting as an agent to organise the mission. He stated that he was proposing to put forward Mr. Pearson's name as one of the officials who should accompany the mission and asked Mr. Pearson to come to his flat to see him. Mr. Pearson went to the flat and there found Mr. Stanley and Mr. George Gibson. Mr. Pearson was told that the business man in question was Mr. Isaac Wolfson and that the Cabinet Ministers to whom Mr. Stanley had referred were Sir Stafford Cripps and the President of the Board of Trade. Mr. Pearson stayed on and had lunch with Mr. Gibson and Mr. Stanley at the Dorchester Hotel. Mr. Pearson was extremely surprised at Mr. Stanley's suggestion and later made enquiries to find out whether there was any truth in what Mr. Stanley had said, and according to Mr. Pearson as a result of those enquiries he was satisfied that there was nothing in the suggestion. Mr. Pearson mentioned this matter to Mr. Belcher, whose comment was "Oh, you know Stanley. I should forget it and think no more of it."

331. One other alleged telephone conversation between Mr. Stanley and Mr. Pearson after he ceased to be Mr. Belcher's private secretary was referred to in the evidence. Mr. Harris says that when he visited Mr. Stanley's flat on the 3rd July 1948 Mr. Stanley told him that he would obtain the necessary forms from the Board of Trade for the importation of amusement machinery and devices to the value of £150,000. After making this statement Mr. Harris says that Mr. Stanley telephoned and asked for Mr. Pearson who Mr. Stanley said was at the Board of Trade. According to Mr. Harris the telephone conversation at first was of a personal nature but then Mr. Stanley went on to say that he, Mr. Stanley, would come and see Mr. Pearson and bring the necessary forms and would Mr. Pearson expedite them. Mr. Harris could hear only one side of the conversation but gathered that Mr. Pearson already knew about the matter and was willing to assist. Mr. Harris was told by Mr. Stanley that it was Mr. Pearson to whom he was speaking but of course had to rely upon Mr. Stanley for this information. Mr. Stanley in his evidence said he did not remember telephoning to Mr. Pearson in this connection. Mr. Pearson appears to have no recollection of this conversation and we are quite satisfied that neither at that time nor any time had any applications been made to the Board of Trade in respect of the importation of this machinery. We are satisfied that this conversation did not take place with Mr. Pearson. Mr. Stanley was quite capable of pretending to carry on such a conversation to impress Mr. Harris and it is probable that he did so on this occasion.

332. The only other matter to which we need refer in considering Mr. Pearson's position is that on the 4th February 1946 he attended with Mr. Belcher a meeting in connection with the inauguration of an export bonus scheme for the toilet preparations industry. It will be recalled that this was the first occasion on which Mr. Belcher had met Mr. Matchan and at or after the meeting Mr. Matchan made a present of some cosmetics to Mr. Belcher for Mrs. Belcher and to Mr. Pearson for Mrs. Pearson (para. 23). These gifts were of small value and were not made or received with any intention of influencing Mr. Pearson's conduct and in fact did not do so.

333. So far as Mr. Pearson's conduct is concerned we are quite satisfied that he was not in any way influenced by Mr. Stanley. In fact it seems clear that he did what he could to keep Mr. Stanley away from Mr. Belcher at

the office and went out of his way to inform Mr. Cross of the type of man Mr. Stanley was (para. 73). Equally so far as Mr. Matchan is concerned there is no evidence that Mr. Pearson interested himself in any way with Mr. Matchan's applications or representations. In our view no suggestion can be made against Mr. Pearson which reflects in any way adversely upon him.

334. We have dealt with the cases of all Ministers of the Crown or other public servants which were investigated before us and it may be convenient if we now summarise our findings as set out in the earlier paragraphs of this report.

SUMMARY OF FINDINGS

MR. JOHN BELCHER, M.P.

I. *The Case of Mr. L. J. Matchan*

Although certain small gifts and hospitality were received by Mr. and Mrs. Belcher from Mr. Matchan these were not made or received as a consideration in connection with any licence or permission but were made and received out of friendship only (para. 31).

II. *The Case of Mr. Robert William Liversidge*

No consideration was sought, offered, promised, made or received by or to Mr. Belcher from or by Mr. Liversidge and there was no justification for any allegations in this case (para. 40).

III. *The Case of Sir Maurice Bloch*

We are satisfied that Sir Maurice Bloch made presents of wine and spirits to Mr. Belcher for the purpose of securing favourable and expeditious treatment by the Board of Trade of his applications for licences to import sherry casks and that Mr. Belcher received these gifts knowing the purpose for which they were made and in return for these gifts intervened to secure the grant of licences to import sherry casks (para. 60).

IV. *The Case of Mr. Sydney Stanley*

We are satisfied that Mr. Stanley paid for Mr. and Mrs. Belcher's stay at Margate in May, 1947, for one week and made Mr. Belcher a present of a gold cigarette case and a suit of clothes; Mr. Stanley entertained him at dog race meetings and boxing matches. Mr. Stanley at his flat offered continuous hospitality to Mr. Belcher from the time he first met him on the 23rd April, 1947, to the 5th August, 1948. These benefactions were made by Mr. Stanley for the purpose of securing expeditious and favourable consideration by the Board of Trade or other Ministries of any application made by any person whom he might introduce to Mr. Belcher and to secure the latter's assistance for such persons. Mr. Belcher accepted these benefactions knowing the purpose for which they were made and as a result thereof gave Mr. Stanley free access to him in his private office and met any persons Mr. Stanley might desire to introduce to him either in his private office, the House of Commons or in Mr. Stanley's flat.

It was because of these benefactions and the obligations which he felt that he owed to Mr. Stanley that Mr. Belcher assisted Mr. R. J. Pritchard in relation to the Margate premises of Craven Productions Ltd. (para. 82) and Mr. R. R. Curtis in relation to the licence for the Annexe to The Royal Norfolk Hotel, Bognor Regis (para. 90). It was also because of these benefactions that Mr. Belcher decided upon

the withdrawal of the prosecution of Shermans Pools Ltd. (para. 112, 166). We, however, are not satisfied that Mr. Stanley sought or received any assistance from Mr. Belcher in the Berkeley Square case (para. 174) or the Case relating to Amusement Machinery (para. 200).

We are not satisfied that Mr. Belcher received the sum of £5,000 or any other sum in respect of his decision to withdraw the Shermans Pools prosecution or that he received the sums of £50 or any other sum a week from Mr. Stanley or that Mrs. Belcher ever received any money from Mr. Stanley (para. 163).

There is no reliable evidence that Mr. Belcher received any sums of money in respect of any of the transactions which we have investigated or indeed in respect of any transactions. The only benefits which we can find he did receive were the small gifts and hospitality from Mr. Matchan, the wines and spirits from Sir Maurice Bloch and the benefactions by way of gifts and hospitality from Mr. Stanley.

MR. GEORGE GIBSON, C.H.

We are satisfied that Mr. Gibson was offered by Mr. Stanley the chairmanship of the proposed new company J. Jones (Manchester) 1948 Ltd., as a consideration to induce Mr. Gibson as a public servant to assist in obtaining from the Treasury upon the recommendation of the Capital Issues Committee permission for a public issue of the shares of the new company and that Mr. Gibson realised the reason for this offer. Although for other reasons he refused the offer, Mr. Gibson continued to assist Mr. Stanley in his efforts to secure this permission for a public issue and to assist in any other enterprise in which Mr. Stanley sought his help. We are satisfied that Mr. Gibson did this in the hope of material advantage to himself although in fact all that he received apart from some trivial gifts was the present of a suit of clothes (para. 245).

THE RIGHT HONOURABLE CHARLES WILLIAM KEY, M.P.

I. *Intrade, Ltd.*

We are satisfied in this case that there was a long standing friendship between Mr. Key and Mr. Gordon Shiner and that any gifts or hospitality given by the one to the other were the result of that friendship and not made as a consideration for, or in connection with, any applications which might be made by *Intrade, Ltd.*, or Mr. Shiner to Mr. Key or his Ministry (para. 262).

II. *Matters arising out of Mr. Key's relationship with Mr. Stanley*

Although we think that Mr. Stanley was seeking to secure Mr. Key's friendship and thereafter by hospitality or other gifts to put Mr. Key under obligation to him and so induce Mr. Key to show favour to him and his associates, we are satisfied that Mr. Stanley did not succeed in this purpose and that any gifts or hospitality which Mr. Key may have received from Mr. Stanley were neither sought nor received by him in connection with any applications which might be made to him or his Ministry, and that Mr. Key's official actions were not influenced in any way thereby (paras. 276-7).