

In the matter of the Leveson Inquiry into the Culture, Practices and Ethics of the Press

Exhibit "CJTM4"

This is exhibit "CJTM4" referred to in the Witness Statement of Colin Joseph Thomas Myler dated 31 October 2012.

19 July 2011 Rupert Murdoch and James Murdoch

James Murdoch: Mr Farrelly, I can say that the company at the time engaged an outside law firm to review a number of these e-mails. They were provided to the law firm, as I understand it. They were reviewed and an opinion was issued to the company based on that review by a respected law firm. The opinion was clear and the company rested on that. I cannot speak to individuals' knowledge at different times, because I don't know. What I do know is that the company rested on that, rested on the fact that the police told us that there was no new evidence and no reason for a new investigation, and rested on the opinion of the PCC that there was no new information and no reason to carry it further. It was not until new evidence emerged from the civil litigations that were going on that the company immediately went to the police, restarted this, and the company has done the right thing in that respect.

Q363 Paul Farrelly: That was evidence lying in your lawyers' possession all the time. It is not simply evidence that emerged through litigation.

James Murdoch: The Harbottle report was re-looked at in conjunction with the new and restarted criminal investigation. These are serious matters and we take them seriously. When it was looked at and it was deemed that these things would be of interest to the police, we immediately brought in additional counsel—Lord Macdonald, whom you mentioned earlier, Mr Farrelly—to help advise the company on the appropriate way forward in terms of full transparency and co-operation with police investigations. The company took those matters seriously.

Q364 Paul Farrelly: I have two questions for Mr Murdoch senior. I have just painted a situation where we are now here not knowing who at News International and the *News of the World* was complicit in keeping that file containing however many bits of paper. We are nowhere nearer knowing who knew what and when about that file—evidence that clearly not only contradicts statements given to the Select Committee, but evidence that it would appear led your closest and trusted aide over many years, Les Hinton, to give misleading evidence. Do you find that a satisfactory state of affairs?

Rupert Murdoch: No, I do not.

Q365 Paul Farrelly: What do you think the company should do about it in a follow-up to this Select Committee inquiry?

Rupert Murdoch: Mr Chapman, who was in charge of this, has left us. He had that report for a number of years. It wasn't until Mr Lewis looked at it carefully that we immediately said, "We must get legal advice, see how we go to the police with this and how we should present it," etcetera.

James Murdoch: My understanding was that the file was with the lawyers—it was with the law firm—and there would have been no reason to go and re-look at it. The opinion of it was very clear based on the review that was done. As soon as it was in a new criminal investigation, it was deemed appropriate to look at it and that was immediately done.

Q366 Paul Farrelly: Mr Murdoch, you either haven't grasped the point or you are not reading your own newspapers in the form of *The Sunday Times*. My final question: given the picture that has been painted of individuals on the news desk acting as gatekeepers for a private investigator, do you think it is possible at all that editors of your newspaper would not have known about these activities? Do you think it is remotely possible?

Rupert Murdoch: I can't say that, because of the police inquiries and, I presume, coming judicial proceedings. That is all I can tell you, except it was my understanding—I had better not say it, but it was my understanding—that Mr Myler was appointed there by Mr Hinton to find out what the hell was going on, and that he commissioned that Harbottle & Lewis inquiry. That is my understanding of it; I cannot swear to the accuracy of it.

Paul Farrelly: Thank you.

Chair: I appeal for brevity, because we have been going for two hours now.

Q367 Alan Keen: I will be as brief as I can. To James Murdoch, it is a mystery to us how Sunday newspapers are run. I am very familiar with the engineering industry. Could you try to paint a picture of a week's operation at the *News of the World*? At what period were you closely involved in controlling the *News of the World*?

James Murdoch: My involvement in the business is overseeing the region of Europe and Asia. Just to be clear, in 2008, starting in the middle of December 2007, I was chief executive for Europe and Asia, our European television business and our Asian television business as well as our UK publishing business, one title of which is the *News of the World*, so I cannot say that I was ever intimately involved with the workings of the *News of the World*.

Q368 Alan Keen: What results would come to you within seven days of publication? Presumably, the sales and the advertising income, and you would judge the newspaper on its profitability week by week. I know that Rupert Murdoch is far removed from that, but when you were in close proximity—

Rupert Murdoch: I certainly get that from all over the world, every week.

James Murdoch: These are enterprises; and sales, advertising figures and personnel numbers are relevant. Managers look at those things.

Q369 Alan Keen: We understand from questions that have been answered already that when it comes to legal issues—settlement of claims—that is taken outside the day-to-day management of the newspaper. That is right, isn't it?

James Murdoch: Each group of companies or titles will have their own legal executives who deal with things such as libel, or other things. They will try to check that something does not go into the paper that is going to be wrong; sometimes that is gotten right, and sometimes it is wrong. Each has its own legal resource and the managing editor's office is very involved in those things as well as the counsel's office in the newspapers.

<p>1 LORD JUSTICE LEVESON: That goes back to the question about 2 whether News International would contemplate letting us 3 see what Burton Copeland did in fact say, but that's 4 a matter -- 5 A. Well, we were perhaps wrong about Burton Copeland, but 6 we were not about Harbottle & Lewis. 7 MR JAY: You mentioned the term "cover-up" -- 8 A. I mean, I regret this greatly, but we'll just go through 9 the chronology before I tell you. 10 Q. Yes. Mr Murdoch, you used the term "cover-up". May 11 I suggest to you that throughout this story there is 12 a consistent -- 13 LORD JUSTICE LEVESON: Would you please sit down. I would 14 be grateful if you wouldn't do that again. 15 MR JAY: Throughout this story, this narrative, there's 16 a consistent theme until April 2011 of cover-up. 17 Cover-up in relation to the police, cover-up by 18 Burton Copeland, either on News International's 19 instructions or of their own notion, and then cover-up 20 subsequently. Where does this culture -- 21 A. I don't -- 22 Q. From where does this culture of cover-up emanate, 23 Mr Murdoch? 24 A. I think from within the News of the World and -- there 25 were one or two very strong characters there, who <p style="text-align: center;">Page 25</p> </p>	<p>1 wouldn't be personal allegiances there, and that he 2 could look at it and he could rely on him to report back 3 to Mr Hinton. 4 Q. Why would Mr Myler not have been your choice? 5 A. Well, I could think of some stronger people who were on 6 the Sun. 7 Q. Is it your assessment then that Mr Myler was a weak 8 individual and therefore the wrong man for this job? 9 A. I would say that's a slight exaggeration. 10 Q. How would you put it then, Mr Murdoch, in your own 11 words? 12 A. Well, I'd hoped that Mr Myler would do what he was 13 commissioned to do, and certainly during the remaining 14 seven or eight months of Mr Hinton's regime, he did not 15 report back to him. 16 Q. May I ask you -- 17 A. Maybe he didn't find anything out, but he certainly 18 didn't report that. 19 Q. Did you make it clear to Mr Hinton that Mr Coulson 20 needed to resign when Mulcaire and Goodman were sent to 21 prison? 22 A. No. I have to say for Mr Coulson that he came forward 23 and said, "I knew nothing of this, but it happened on my 24 watch and I think I've got to go, I should go." 25 Q. Did you have a conversation with Mr Coulson about this <p style="text-align: center;">Page 27</p> </p>
<p>1 I think had been there many, many, many years and were 2 friends with the journalists -- or the person I'm 3 thinking of was a friend of the journalists, drinking 4 pal, and was a clever lawyer, and forbade them to go and 5 see the evidence -- or there had been statements 6 reporting that this person forbade people to go and 7 report to Mrs Brooks or to James. That is not to excuse 8 it on our behalf at all. I take it extremely seriously 9 that that situation had arisen. 10 Q. May I move forward to January 2007, Mr Murdoch, and 11 paragraph 172 of your statement, where you say: 12 "... after Mr Goodman pleaded guilty, I recall 13 learning that Mr Coulson resigned and that Mr Hinton 14 replaced him with Mr Myler." 15 Do you see that? 16 A. Yes. 17 Q. Were you not directly involved in the decision to 18 appoint Mr Myler as editor of the News of the World? 19 A. Mr Hinton sent me -- I suppose he spoke to me, I forget, 20 but he certainly sent me an email saying he proposed 21 this and did I agree and I said yes. 22 Q. Did you know Mr Myler? 23 A. Yes, and, you know, he would not have been my choice, 24 but Mr Hinton felt that he was someone who had never had 25 any contact with the News of the World, that there <p style="text-align: center;">Page 26</p> </p>	<p>1 issue? 2 A. No. 3 Q. Did you have a conversation with Mr Hinton about 4 Mr Coulson leaving the company? 5 A. I think he'd called me and told me this, and I thought 6 that Mr Coulson was doing the honourable thing. And we 7 all agreed the fact that somebody, we thought one 8 person, the police thought one person, had engaged in 9 hacking was a very, very serious matter. 10 Q. Were you aware of any aspects of Mr Coulson's settlement 11 package? 12 A. No. 13 Q. You told the Select Committee that Mr Myler was 14 appointed to find out "what the hell was going on"; 15 that's right, isn't it? 16 A. Yes. 17 Q. Well, given that was his brief, what steps did you take 18 to see whether Mr Myler was discharging his brief? 19 A. Nothing. I relied on Mr Hinton, who had been with me 20 for 50 years. 21 Q. You've told us that this was a very serious matter. It 22 was capable of affecting the whole reputation of 23 News International in the United Kingdom, and its poison 24 was capable of seeping -- 25 A. You used the word -- <p style="text-align: center;">Page 28</p> </p>

7 (Pages 25 to 28)

1 Q. Just wait, Mr Murdoch. Its poison was capable of
 2 seeping far further. Was this not an issue which
 3 required your personal attention?
 4 **A. Look, in hindsight, as I said later -- which I thought**
 5 **we'd come to it --**
 6 Q. We will.
 7 **A. I said that the buck stops with me, so I have to agree**
 8 **with you.**
 9 Q. Well, we have to be clear, Mr Murdoch. In one sense,
 10 the buck always stops with the chairman of the holding
 11 company. That's axiomatic, but it might not tell us
 12 a huge amount, but I was talking more directly about why
 13 you, given it was such an important issue, did not find
 14 out whether Mr Myler was discharging his brief. Do you
 15 see that point?
 16 **A. I don't know what else I was doing at the time, but**
 17 **I trusted Mr Hinton. I delegated that responsibility to**
 18 **Mr Hinton.**
 19 Q. Did you have discussions at least with Mr Hinton about
 20 this?
 21 **A. No. Not at the time.**
 22 Q. Some might say that all this picture is consistent with
 23 one of a desire to cover up rather than a desire to
 24 expose. Would you agree with that?
 25 **A. Well, people with minds like yours, yes, perhaps.**

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1 LORD JUSTICE LEVESON: Oh, oh.
 2 **A. I'm sorry, I take that back. Excuse me.**
 3 MR JAY: I'm very thick skinned, Mr Murdoch.
 4 **A. You seem to be.**
 5 Q. Do not worry one moment.
 6 **A. May I --**
 7 LORD JUSTICE LEVESON: You could point the point slightly
 8 differently. It is very, very clear, Mr Murdoch, that
 9 among the vast commercial interests that you have
 10 developed over your life, you have a particular interest
 11 in the print media.
 12 **A. Yes.**
 13 LORD JUSTICE LEVESON: And, if I may say so, you have shown
 14 that interest is more than just a commercial interest,
 15 it's more than just an intellectual interest, it is an
 16 interest that is within your being, if I could put it
 17 like that.
 18 **A. Thank you, sir.**
 19 LORD JUSTICE LEVESON: Well, I'm only trying to summarise
 20 what I think you've said to us.
 21 **A. Yes.**
 22 LORD JUSTICE LEVESON: Therefore, the question might be
 23 asked in this way: here was a newspaper that was in your
 24 family, that you had built up to be the largest-selling
 25 newspaper in the UK, as I think the News of the World

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1 was.
 2 **A. I think when we bought it, it was.**
 3 LORD JUSTICE LEVESON: Yes.
 4 **A. And it had lost more than half its circulation by the**
 5 **time we got to this stage, but yes. As had everybody**
 6 **else.**
 7 LORD JUSTICE LEVESON: But quite apart from the commercial
 8 side of it, you would really want to know, as you
 9 yourself put it, what the hell was going on, because the
 10 news media was your -- printing was running through your
 11 veins, I think somebody has said about you.
 12 **A. Yes, sir.**
 13 LORD JUSTICE LEVESON: Then that's the way that I might ask
 14 the question that Mr Jay was trying to ask and indeed
 15 did ask. This wasn't just a matter of commercial
 16 interest for you. This was at the very core of your
 17 being. So that's why I think you're being asked: well,
 18 were you not really intensely concerned to know what was
 19 going on, quite apart from everything else, because this
 20 was you?
 21 **A. I have to admit that some newspapers are closer to my**
 22 **heart than others, but I also have to say that I failed.**
 23 LORD JUSTICE LEVESON: Well, that may be, and I --
 24 **A. And I am very sorry about that.**
 25 LORD JUSTICE LEVESON: No, no, I recognise that and

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1 I understand that you've made that clear, not just to
 2 the Inquiry, not just in your statement, but on a number
 3 of your public appearances discussing this matter. But
 4 it doesn't actually quite answer the question whether
 5 you really did try to understand what was going on or
 6 whether you felt: well, I don't need to understand
 7 what's going on, it's over and let's just move on.
 8 That's the question.
 9 **A. Well, I think when the police said, "We're satisfied**
 10 **this was a rogue reporter, we're closing our file",**
 11 **I think Mr Hinton did that, probably, if I'd been in his**
 12 **place, I have to admit that I would have said I'd close**
 13 **it too, but with hindsight --**
 14 LORD JUSTICE LEVESON: Hindsight's always very good,
 15 Mr Murdoch.
 16 **A. Very, very easy. I can only say what I should have**
 17 **done.**
 18 LORD JUSTICE LEVESON: The question that I wanted to come to
 19 was this: this wasn't just a question of a reporter
 20 doing what the reporter did with the private detective.
 21 I wonder whether you wouldn't want to know what was the
 22 atmosphere or the climate within your newspaper that had
 23 encouraged the reporter to think that this was a correct
 24 way to proceed. That this was justifiable. Quite apart
 25 from how he got away with it, that's a separate

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8 (Pages 29 to 32)