

News Corporation

K.R. Murdoch

First Statement

"KRM24"

12 April 2012

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

EXHIBIT "KRM24"

This is the exhibit marked "KRM24" referred to in the witness statement of Keith Rupert Murdoch dated the 12th day of April 2012.



Did you remember?
Clocks went forward
one hour this morning

THE SUNDAY TIMES



THEY SMOKE! THEY DRINK! MAD MEN IS BACK

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THE SUNDAY TIMES

Tory treasurer charges £250,000 to meet PM

INSIGHT

A CO-TREASURER of the Conservative party has been filmed selling secret meetings with the prime minister in return for donations of £250,000 a year and boasting: "It will be awesome for your business."

Peter Cruddas, the millionaire Tory fundraiser, offered a lobbyist and her two overseas clients direct access to David Cameron if they joined a "premier league" of donors who give six-figure sums.

The offer was made even though he knew the money would come from a fund in Liechtenstein that was not eligible to make donations under election law.

Options discussed included creating a British subsidiary or using UK employees as conduits for the donation.

The overseas clients were, in fact, undercover reporters posing as wealth fund executives who had made clear they wished to develop contacts with the prime minister and other senior ministers to further their business.

During a three-month investigation they had hired Sarah Southern, a former Cameron aide now working as a lobbyist, who advised them that making a "huge donation" was the best way to gain access to senior government figures.

Her connections led to a two-hour meeting with Cruddas this month in which he laid bare the extent to which the party has been prepared to sell

“200 GRAND, 250 IS PREMIER LEAGUE... IT'LL BE AWESOME FOR YOUR BUSINESS”

Peter Cruddas, the Conservatives' co-treasurer



Peter Cruddas, main picture, and, inset, with the prime minister, said: 'You will get to meet George Osborne, you will get to meet David Cameron'

access to Cameron in exchange for cash. He revealed:
■ Donors who want to be "taken seriously" are told they should give £250,000 to join the "premier league", and then "things will open up for you". Cruddas warned that nothing could be gained by "scratching around" giving £10,000 a time.

■ The "premier league" can lobby the prime minister directly on business issues and their views are "fed in" to the Downing Street policy machine.
■ The party makes "well over" £5m a year selling private dinners with Cameron to its biggest donors, who can pick

up "key bits of information" by asking him "practically any question that [they] want".
■ The prime minister entertains big donors at No 10 and Chequers, his official retreat. Donors are also invited to soirées at the Downton Abbey location, Highclere Castle.
■ Big donors are invited to

bring their most important business clients to exclusive events, where they can be introduced to cabinet ministers such as George Osborne, the chancellor, and William Hague, the foreign secretary.
The disclosures appear to contradict previous claims by the Conservative party that its

high-value donor groups, such as the "leader's group", are for genuine supporters who do not seek to influence policy or gain unfair advantage in return for their cash.
They also raise questions about the role of the prime minister. Months before taking
Continued on page 2 ▶▶

Army on call to break fuel strike

Isabel Oakeshott and Dominic Tobin

SOLDIERS are being trained to transport fuel to petrol stations amid fears that a looming strike by oil tanker drivers could bring Britain to a standstill.

Four hundred troops are ready to drive lorries from refineries to forecourts if workers vote to walk out. A ballot of 2,000 oil tanker drivers, supported by the trade union Unite, closes tomorrow.

David Cameron is acutely aware that the chaos caused by fuel protesters 12 years ago gave Tony Blair's government its biggest industrial crisis. The coalition is insisting there is no need for "panic buying" this time because of meticulous contingency planning.

Francis Maude, the Cabinet Office minister, has been put in charge of co-ordinating preparations for the walkout, which could take place as early as April 2.

"We have learnt the lessons of the past and stand ready to act to minimise disruption to motorists, to industry and to our emergency services in the event of a strike," he said.

The threatened disruption, which could involve as many as nine out of 10 drivers who take petrol to forecourts, is the result of a long-running dispute with employers over pay and conditions, and health and safety.

Last night the government urged Unite and employers to return to the negotiating table.

Although the strike ballot is unrelated to soaring fuel prices, the government could find itself facing angry protests from motorists at the same time as a strike.

The cost of fuel reached a new high of 140.2p a litre last week, and David Handley, the farmer who almost brought Britain to a standstill in 2000, has warned he is planning further action.

Unleaded petrol and diesel were just over 80p a litre when Handley's Farmers for Action group prevented fuel being delivered to forecourts. Handley said: "Politicians are not listening to what ordinary people are saying. Sixty per cent of everything we pay in fuel is going into taxation, on top of the taxation we pay on everything else."



A TORN TAPESTRY

CAROLE KING ON HER LIFE AS A BATTERED WIFE



HOOKED ON CLASSICS

HOW TO SEE THE WONDERS OF THE WORLD IN STYLE



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D'oh! Taxman in a mix over definition of bread

Kate Walsh

THE devil, they say, is in the detail — and so George Osborne has discovered.

Having lumbered himself with all sorts of problems over granny taxes, stamp duty and alcohol prices in the budget, an apparently simple gesture has landed him with a far more perplexing problem: what, exactly, is bread?

The chancellor's announcement last week that Vat of 20% will be extended to cover all hot

takeaway foods seemed, on the face of it, quite straightforward. As bread is deemed a basic food, it is not subject to Vat, regardless of whether it is fresh from the oven and warm, or has cooled on the shelf.

So, no problem then. Except that bakers have been quick to point out that there is no exact definition of bread. Is a croissant bread? What about a hot-cross bun? A scone?

To answer those questions, one of the government's more bizarre public consultations

has been launched. The answer will be elusive, as even retail experts are bewildered. HM Revenue & Customs (HMRC) will have to decide, raising the prospect of tax inspectors issuing recipes for tax-free bread.

The high street baker Greggs is already threatening legal action if HMRC tries to categorise its food as "hot" and therefore liable for Vat.

*Budget boomerang, Focus, page 15.
A gambler's budget that may just work, Editorial, page 18*

Minister wants to wrap Britain in 8in of cladding

Jonathan Leake
Environment Editor

BRITAIN'S suburbs are about to get an environmental makeover. Eight million homes from the Victorian, Edwardian and other periods could be clad with up to 8in of insulation under a government scheme to cut greenhouse gas emissions.

The thick layer will save householders hundreds of pounds a year in energy bills, but will transform the appear-

ance of homes. The insulation is topped with render that can be painted, sometimes in the style of the original brickwork or in a colour of the householder's choice.

The plan is being promoted by Greg Barker, the climate change minister, under the government's "green deal" where householders get low-interest loans for energy efficiency measures. The loans are repaid with the money saved.

The plan has provoked anger among heritage experts

who say it will destroy the unique character and appearance of the country's older towns and suburbs.

Research shows that period homes are worst at retaining warmth and have the highest energy costs, largely because of their uninsulated brick walls. Buildings as a whole contribute 43% of Britain's greenhouse gas emissions.

In a speech last week, Barker suggested that swaddling properties in insulation
Continued on page 3 ▶▶

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AWARD-WINNING JOURNALISM AT THE SUNDAY TIMES

Last week The Sunday Times won three top honours at the prestigious annual British Press Awards, more than any other Sunday newspaper.

Isabel Oakeshott was named Political Journalist of the Year for scoops that included the speeding-ticket allegations that led to the resignation of Chris Hulne as energy secretary.

Hala Jaber was voted Foreign Reporter of the Year after being the first British journalist to reach the besieged Libyan port of Misrata. On collecting her prize, she paid tribute to the life and work of her late colleague Marie Colvin.

The Sunday Times Magazine had a double triumph: the Feature Writer of the Year was David James Smith, whose stories included a moving account of America's silence over those who jumped from the twin



Oakeshott



Jaber



DJ Smith

towers on September 11, while The Magazine's John Arlidge was highly commended in the same category.

Our sister paper The Times won five categories: Melanie Reid was named Columnist of the Year, Mark Souster was voted Sports Journalist of the Year and Peter Brookes took the Cartoonist of the Year prize. The Times Magazine was also named Supplement of the Year, and the paper won the Business and Finance Team of the Year.

Elsewhere last week The Sunday Times's Home section was named National Newspaper Supplement of the Year at the LSL Property Press Awards, where Anna Mikhailova won Scoop of the Year for her interview with Robert De Niro. David Smith was named Property Columnist of the Year.



Mikhailova



D Smith

IN TODAY'S SECTIONS

STYLE
Ground down: how coffee chains are taking control of our work and social lives

CULTURE
Turning a page: the acclaimed author Timothy Mo dropped off the map, but now he's back to shake up the literary establishment

MAGAZINE
In your debt: business is booming for bailiffs as hard times bite and repossessions go through the roof. We follow them on their rounds

NEWS
Making a killing: Investigating the strange box-office appeal of The Hunger Games

SPORT
Bring on the super-subs: which manager makes the best substitutions?

SPORT
Bring on the super-subs: which manager makes the best substitutions?

50 After unprecedented success at London's Saatchi Gallery The Sunday Times Magazine's brilliant FREE exhibition to mark its 50th anniversary is set to go on tour. You can see the most stunning photographs from the past 50 years of The Magazine at the following venues:

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Charity gifts to be hit by tax squeeze

Marie Woolf and Richard Brooks

CHARITABLE donors have accused the government of being "stupid" for limiting the amount of tax relief they receive on funds they give to good causes.

In Wednesday's budget George Osborne, the chancellor, announced restrictions on tax relief on charitable donations of more than £50,000 or, if it is a greater amount, on a quarter of the donor's income.

Several high-profile figures, including Luke Johnson, the owner of PizzaExpress and chairman of the Royal Society of Arts, said the decision could reduce the sums donated.

The move has also caused consternation within the government, not least because some ministers were not informed of the full implications for charitable giving of the tax-relief changes.

Jeremy Hunt, the culture secretary, is understood to have learnt of the measure only

hours before the budget. Ed Vaizey, the arts minister, is believed not to have known about it until it was announced in the Commons.

The change has also heightened tensions between the Tories and Liberal Democrats. Nick Clegg, the Lib Dem leader, devised the cap on charitable tax relief as part of a package to target the super rich.

David Cameron has, however, encouraged philanthropic giving as part of his big society philosophy and has acknowledged donors in new year's honours lists.

Sir Vernon Ellis, chairman of English National Opera and the British Council, said the changes had caused "immense confusion".

Ellis, who gave £5m to restore the London Coliseum for ENO, said: "I can say with certainty that if the proposed regime was in place a few years ago I would simply not have been able to afford to make the very large gifts I did at the time, including the lead gift for the

restoration of the London Coliseum... I have recently made some increased commitments to capital campaigns, for example one for a regional theatre. If this proposal comes into place, I may have to think again."

Sir Maurice Hatter, the electronics tycoon who is worth an estimated £40m, said: "Businessmen will be put off if it is not tax free. I think a lot of charities, children and the arts will suffer as a result."

Johnson, a former chairman of Channel 4 who is worth an estimated £120m, said: "It seems a very stupid thing to do. They should be encouraging philanthropy, not effectively discouraging it."

"I thought they had a stated aim of creating a much more philanthropic society where the wealthy give more to good causes. This, I would have thought, is going to act as a serious disincentive."

Asked if it would dissuade him from giving, he replied: "It would be a factor. It wouldn't

necessarily make me say I am not going to give money, but the fact is the easier it is to give, the more you give."

Research by the Charities Aid Foundation and the National Council for Voluntary Organisations shows that 45% of charitable donations are given by 7% of all donors.

The Treasury denied the changes would reduce donations and said the chancellor had promised to examine any possible effects of the rule changes.

However, Simon Weil, chairman of the European Association for Philanthropy and Giving, said: "This is a major disincentive. It's madness and it runs entirely contrary to all the rhetoric about the big society."

HM Revenue & Customs said giving through company payrolls would also be subject to a tax relief cap.

It said: "It is necessary to ensure the very wealthy cannot simply wipe out their tax bills using charitable and other tax reliefs."

Cash for access to PM

Continued from page 1 office, Cameron warned that this type of "secret corporate lobbying" was the "next big scandal waiting to happen".

The meetings at which "premier league" donors could lobby the prime minister directly have not been declared to the public.

Cruddas, who is 90th in The Sunday Times Rich List after building a £750m fortune through financial spread-betting, is one of the party's co-treasurers and a member of its controlling board.

The undercover reporters told him that they were British expats working for a company incorporated in Liechtenstein but they wanted to do business in the UK, buying up government assets such as the Royal Mail. They said their wealthy Middle Eastern funders expected them to have contacts with the prime minister and other key government figures.

Cruddas initially gave them the party line that it was not possible to buy access to the prime minister, but then went on to suggest the opposite.

He said the reporters could join the leader's group for £50,000, but that would not get them into the "premier league" of donors with special access.

The reporters were told they had to come into the party at a "high-level" with a big donation. "Hundred grand [a year] is not premier league. It's not bad. It's probably bottom of the premier league. Two hundred grand, 250 is premier league."

The reporters said that the sum was in their budget. The conversation continued: "Reporter: 'If we do become premier league, what would we get in addition?'"

Cruddas: "... The first thing we want to do is get you at the Cameron and Osborne dinners."

He added later: "In fact, some of our bigger donors have been for dinner in No 10 Downing Street, in the prime minister's private apartment, with Samantha."

They could ask the prime minister anything they liked about issues affecting their business. Told the reporters

wanted to raise with Cameron the prospect of an overseas firm buying the Royal Mail, Cruddas responded: "Spot on... You could ask him about that. That would be a very good thing."

Cruddas, who has given £1.2m to the party, said he had used his access to Cameron to object to the Tobin tax on financial transactions: "He said don't even worry about it..."

Cruddas said that big donors could not determine policy, but he would make sure that their suggestions were fed into the No 10 policy unit. "If you are unhappy about something... we'll listen to you and we'll put it into the policy committee at No 10. We feed all feedback into

David Cameron. We do that, you know," he said.

Business clients could also meet the chancellor. "If you ring me up... and [say] I've got this really important guy coming to this event, you know, really need to make sure George Osborne says hello to him, and I'll make sure that happens, okay?"

There was still one problem, however. The proposed donation was being paid from a Liechtenstein fund and belonged ultimately to Middle Eastern investors. It was a foreign donation.

Cruddas was happy for the reporters to find a way around this and said he'd arrange a meeting with the party's "compliance people" to check that it was legitimate. One option was to create a UK company to donate the money.

He said: "Set up a company, employ some people to work here. They could be events people, they could be people that are making sure your company is represented properly."

Later, however, the reporters' lobbyist spoke to party officials and returned. As the reporters, posing as executives, were British, the money could be channelled through them.

"[The company] would have to donate through an individual (perhaps a director of the company) who is registered on the UK electoral roll," Southern wrote.

She later claimed on the telephone: "[The party] don't pry as to where the money comes from, at all."

Cruddas and Southern declined to comment.

A Conservative party spokesman said none of the donations discussed with Southern was ever formally considered.

He added that donations never bought policy and all donations had to comply with electoral law, which was strictly enforced by the party's compliance department.

Insight: Heidi Blake and Jonathan Calvert. Cash for Cameron: cosy club buys the PM's ear, pages 8-9

Tory Zac: Miliband is right about City

Marie Woolf Whitehall Editor

THE Tory MP Zac Goldsmith has praised the Labour leader, Ed Miliband, for his call to transform capitalism after the financial crisis.

The multi-millionaire risked infuriating Conservative party whips by praising Miliband's distinction between "producers" and "predators" in his autumn conference speech.

Goldsmith, MP for Richmond Park and North Kingston, has a reputation as an independent-minded backbencher and confirmed that image yesterday when speaking about Miliband at an event at which he also criticised George Osborne, the chancellor, for anti-environmental rhetoric.

A former editor of The Ecologist magazine and one of parliament's greenest MPs, Goldsmith said the government was using the wrong language about climate change.

"The biggest risk for investors in this area is political change," he said.

The MP has a family fortune of about £200m, which he inherited from his father, the financier Sir James Goldsmith.

Goldsmith, whose west London constituency lies beneath the Heathrow flight path, repeated his pre-election pledge to stand down as an MP before the next election and re-contest the seat - implying that he would not stand as a Tory - if the government changed its policy and allowed a third runway to be built at the airport.

Miliband said in his conference speech that he wanted to create a new capitalism built on British values of rewarding hard work and producers rather than overpaid City traders and asset-stripping "predators".

Goldsmith told The Sunday Times after the event in London that Miliband had been right to bring up the harm that can be caused by business.

He said: "Business can be a tremendously powerful force for good but as we have seen, it can also cause irreparable harm, and Miliband was right to make the distinction... We have allowed a situation where our banks have grown too big to fail, a single supermarket firm controls nearly a third of the retail market, political decisions are taken at a level that ordinary people can never influence and industrial-scale agribusiness is tearing up the planet."

A Labour party source said: "We have quite good relations with Zac Goldsmith. We have never said all wisdom resides in one party."

NEWS IN BRIEF

Quicker school reform
Michael Gove has vowed that the pace of his school reforms will be accelerated despite warnings from head teachers to slow down. The education secretary told the Association of School and College Leaders yesterday that the world would "change massively" in the next decade and Britain's education system would have to adapt fast. His pledge came after the association's leaders raised concerns that the government's new policies were being rushed in.

Six accused over child sex
Six men from Oxford have been remanded in custody after appearing in court in connection with an investigation into child exploitation. The men face charges including rape, conspiring to rape a child, arranging child prostitution and trafficking. They are Anjum Dogar, 30, and his brother Akhtar, 31, Kamar Jamil, 26, Zeshan Ahmed, 26, Mohammed Karrar, 37, and Bassan Karrar, 32. Seven other men were released on bail.



M5 crash: driver held
A bus driver aged 49 has been arrested on suspicion of causing death by dangerous driving after a crash in fog on the M5 left a man dead and two critically ill. Dozens of fruit pickers on the bus, which had broken down in the nearside lane of the motorway near Bartley Green in Birmingham, were hurt when a lorry ploughed into it. The dead man was 35 and from the Smethwick area of the West Midlands.

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Revealed: conspiracy of silence on UK sex gangs

● Most convicted offenders of Pakistani heritage ● Pattern of abuse across North and Midlands

Andrew Norfolk

A culture of silence that has facilitated the sexual exploitation of hundreds of young British girls by criminal pimping gangs is exposed by *The Times* today.

For more than a decade, child protection experts have identified a repeated pattern of sex offending in towns and cities across northern England and the Midlands involving groups of older men who groom and abuse vulnerable girls aged 11 to 16 after befriending them on the street.

Most of the victims are white and most of the convicted offenders are of Pakistani heritage, unlike other known models of child-sex offending in Britain, including child abuse initiated by online grooming, in which the vast majority of perpetrators are white.

Northern police forces have investigated gangs of on-street predators for at least 14 years. In the most serious cases, children have been moved around the country in cars and used for sex by older men. This has led to abortions for girls as young as 12. In November, a court heard that when a South Yorkshire victim, aged 13, was examined by a nurse she appeared to have been raped more than 50 times.

Most forces, in common with charities and agencies working to help girls who have endured weeks and sometimes months and years of repeated sexual abuse, have denied publicly that ethnicity has any relevance to this pattern of on-street grooming.

The Times has identified 17 court prosecutions since 1997, 14 of them during the past three years, involving the on-street grooming of girls aged 11 to 16 by groups of men. The victims came from 13 towns and cities and in each case two or more men were convicted of offences.

In total, 56 people, with an average age of 28, were found guilty of crimes including rape, child abduction, indecent assault and sex with a child. Three of the 56 were white, 53 were



CCTV images from Operation Retriever in Derbyshire. Girls were fed alcohol and drugs then used by older men for sex

Asian. Of those, 50 were Muslim and a majority were members of the British Pakistani community.

Several police sources have told *The Times* that those convicted represent only a small proportion of what one detective described as a "tidal wave" of offending that has been uncovered in Yorkshire, Lancashire, Greater Manchester and some Midlands counties.

A senior West Mercia detective has now called for an end to the "damaging taboo" surrounding gang-led on-street grooming, which he blames on a fear among police and child protection workers of being branded racist. Detective Chief Inspector Alan Edwards said: "These girls are being passed around and used as meat. To stop this type of crime you need to start talking about it, but everyone's been too scared to address the ethnicity factor. No one

This story needs the disinfectant of sunlight

Leading article, page 2
News special, pages 6-9

wants to stand up and say that Pakistani guys in some parts of the country are recruiting young white girls and passing them around their relatives for sex, but we need to stop being worried about the racial complication."

Writing in *The Times* today, Mohammed Shafiq, chief executive of the Ramadhan Foundation, a national Muslim youth organisation, says: "These people think that white girls have fewer morals and are less valuable than our girls. This is a form of racism that is abhorrent and totally unacceptable in a society that prides itself on equality and justice."

No research has been carried out into why such a high proportion of the offenders belong to one minority ethnicity and with the exception of one
Continued on page 7, col 4

IN THE NEWS

VAT rise to stay

George Osborne insisted that the new 20 per cent VAT rate would be a permanent fixture as he held open the prospect of further tax increases this Parliament. *News, page 3*

Royal attack suspect

Police said that they wanted to trace a young woman as they released footage of the attack on a car carrying the Prince of Wales and the Duchess of Cornwall. *News, page 5*

Boy, 10, 'kills mother'

A ten-year-old boy from the rural heart of Ohio has appeared in court accused of murdering his mother in a case that has shocked neighbours and the police. *World, page 25*

Leatherback odyssey

Satellite tracking devices wired to the shells of giant leatherback turtles have for the first time shown the routes they take from breeding to feeding areas. *News, page 15*

Gerry Rafferty dies

The singer-songwriter Gerry Rafferty, who achieved worldwide fame with his million-selling hit *Baker Street* in 1978, has died aged 63. *News, page 11; Obituary, page 44*

Inside today

Cook the record breaker
The Ashes, Sport
pages 60-63





Apology... film star Mark

Wahlberg 'sorry' for 9/11 rant

By PETE SAMSON, US Editor

MOVIE star Mark Wahlberg has apologised for claiming he would have brought one of the 9/11 terror planes down safely if he had been on board. The fighter actor, 40, had been due to be flying on one of the jets that crashed into New York's World Trade Center in 2001 but changed his plans. He had boasted in a magazine interview: "If I was on that plane with my kids, it wouldn't have went down like it did."

Blood

"There would have been a lot of blood in that first class cabin and then me saying, 'OK, we're going to land somewhere safely, don't worry'."

He was forced to issue an apology after a widow of one victim called his claims "disrespectful".

Former rapper Wahlberg said: "To speculate about such a situation is ridiculous. To suggest I'd have done anything differently than the passengers on that plane was irresponsible."

He added: "I deeply apologise to the families of the victims that my answer came over as insensitive. It was certainly not my intention."

Sun

EX-aircraft engineer Malcolm Brockhurst, 77, has had a Spitfire-shaped coffin made for himself - complete with propeller in Cleveleys, Lancs.

SPOT

Parents 'killed by hammer'

THE parents of a cop found dead in their home were battered with a lump hammer, police revealed yesterday.

It came as Rimvydas Lioranas, 37, appeared in court charged with murdering Avtar Kolar, 62, and Carola, 58, at their Birmingham home.

The couple's detective son Jason, 37, who found their bodies, was in court to see the Lithuanian man remanded in custody by Birmingham magistrates until next week.

Police said two men held last week have been released without charge.

HOOKED FOR LIFE

Anglers Terry Croxall, 27, and bride Penny, 26, had their wedding blessed while draped in a fishing net in Halwill, Devon.

NAZI KILLER FOUND BY SUN FACES JAIL AT LAST

A NAZI war criminal exposed by The Sun while living freely in Germany was finally facing justice last night.

Prosecutors asked a court to jail evil Klaas Faber - the third most wanted Nazi fugitive.

Dutch-born Faber was caged for life in Holland in 1947 for shooting at least 22 Jews and resistance fight-

EXCLUSIVE by BRIAN FLYNN

ers while an SS death squad executioner. He escaped in 1952 and fled over the border to Germany.

The Sun tracked down the monster in July 2010 and confronted him in the Bavarian city of Ingolstadt, where he lives with his wife Jacoba.

The Dutch demanded his extradition and issued an arrest warrant. Israel also joined in calls for him to be jailed. But local Bavarian officials

refused to act, saying a law passed by Hitler to protect foreign SS volunteers gave Faber immunity.

After an 18-month campaign the Bavarians have had a change of heart - thought to be because previously unknown atrocities came to light.

A court will now decide whether to order Faber, 89, to serve out his Dutch life sentence in a German jail.

Delighted Nazi hunter Dr Efraim Zuroff said: "Protecting a Nazi killer was a travesty." b.flynn@the-sun.co.uk



Evil... Sun finds Faber, right



Something for the Weekend

ROCK IS BACK..

EXCLUSIVE

TRIBES

HOWLER

INTERVIEW

ALL STARTS ON PAGE 47

Alex Zane reviews

GAMES FOR A TENNER

J. EDGAR

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News Sexual grooming

'Some of these men have children the same age; they are bad apples'

The grooming of white girls by gangs of Pakistani heritage is one that few in the community will address, finds Andrew Norfolk



The voices of three young Muslim men climb in anger. They want to share their revulsion for fellow members of their Pakistani community who took a group of impressionable British schoolgirls and turned them into a collection of broken sex toys.

Their neighbours flirted with children as young as 12, offered rides in souped-up cars, flashed gold jewellery and promised love, then steadily fed the girls a diet of alcohol and drugs, eventually creating what they sought: compliant human goods to be traded and abused by dozens of men. The groomers were men in their early twenties. Their customers were older relatives, friends or contacts. They travelled to the girls' home town to have sex with them or had their victims delivered by car to Pakistani communities in northern England and the Midlands.

In a room a few streets from the address where much of the abuse took place, the three men have agreed to speak on condition of anonymity. They are so scared of reprisals that their town must not be named.

"The younger ones speak fluent English and they know exactly what they're doing," said one. "They treat the girls all nice, buy them drinks, give them cannabis. They get them on drugs and mess them up bad. Some of the girls are from quite good homes but they're easily manipulated."

"Half of the guys having sex with them can't speak a word of English. They're old-school Asians or illegals working in restaurants. If a girl smiles, they think they're in heaven. They're all a bunch of dirty, filthy bastards."

The men explain that some of the grooming was initiated on the instructions of older relatives. Other young men were seeking kudos. Some clients were paying customers — perhaps £10 for sex with a 14-year-old white girl.

Others were being repaid a favour. "Our community is sick and tired of these people. Some of them are married, with children the same age as these girls. They don't deserve a place in society. Every community has its bad apples and these are ours."

One man confides that "a lot of people" knew of the abuse but that he and others were "too scared to do anything about it". He points to a widespread view that betraying members of one's own community to the police would be an even greater sin than child sexual exploitation. White girls are targeted by such men because "if they did it to a Muslim girl, they'd be shot".

"Anyone who's got any respect for their family would shoot them, but these girls were skipping off school, waiting to get picked up. I've seen footage on a guy's phone of a young girl in school uniform [performing a sex act on him] at the side of the road. English girls are easily abusable. A 13-year-old white girl thinks she knows it all, but in the real world she knows nothing."

The town could be almost anywhere in northern England with a sizeable South Asian community.

Criminal cases and targeted police operations since 1996 have revealed a disturbingly similar pattern of collective abuse involving hundreds of girls aged 11 to 16 in Leeds, Manchester, Sheffield, Rotherham, Derby, Keighley, Skipton, Blackpool, Oldham, Blackburn, Rochdale, Preston and Burnley.

Further police investigations into child sex rings are under way in different parts of the country and one major case allegedly involving the internal sex trafficking of several British girls will go before the courts this year.

Girls who fall victim to this model of grooming, where initial contact is made in town centres, on street corners, outside school gates, in shopping malls or at bus and rail stations, come from a wide social spectrum. Some were under the care of social services or from troubled family backgrounds; others came from professional middle-class families. All, because of their age, were extremely vulnerable.

Parents are often the first to seek help. Their daughters are out of control, running wild, going missing overnight or for days at a time. Some are so devoted to their groomers they cannot recognise that the relationship is one of exploitation and abuse, not love.

Other children who have tried to break free from the gangs controlling them have been beaten or faced threats of violence against them and their fam-



A girl who was groomed by a sex gang is comforted by her mother. Some of the victims have been under the care of

social services, others are from professional, middle-class families. All, because of their age, were extremely vulnerable

lies. In several cases, threats have been made to firebomb a girl's family home. Hilary Wilmer is the chairwoman of trustees at Crop, the Coalition for the Removal of Pimping, a national voluntary organisation that has supported more than 400 families affected by child sexual exploitation. "Parents feel bewildered and helpless," she said. "They have watched their child being destroyed before their eyes

Behind the story

More than 95 per cent of child sex offenders who used the internet to target victims are white men, a study by The Times has found. Only five out of a random sample of 269 Crown Court cases of grooming involved Asian men. They were taken from prosecutions at 74 courts in England, Wales and Northern Ireland in the past decade. Offences included internet grooming with the intention of committing a sexual offence and cases where children — girls as well as some boys aged from 11 to 15 — were lured to encounters, abducted, indecently assaulted and repeatedly raped.

by perpetrators who have very sophisticated methods."

Few experts involved in child protection in northern towns are unaware that most cases of gang-led, on-street grooming that have come to light involve British Asian offenders and white girls. Yet almost no one will admit it.

Important work is being done by both voluntary and statutory organisations to protect and support vulnerable girls and their families, and also to prosecute known offenders. Yet The Times has been able to identify only one town in which preventive work has been targeted on changing attitudes in the minority community to which most of the on-street gang perpetrators belong.

Engage, a project in Blackburn, where in 2006 Police Superintendent Neil Smith spoke of dozens of girls as young as 12 being groomed for sex by groups of men, noting that "the majority of cases" involved Asian males, has been widely praised for its pioneering work on child sexual exploitation.

Nick McPartlin, the project's manager, said that preventive work such as raising awareness in mosques has led to a dramatic change in the profile of local men prosecuted for on-street grooming. He gave figures from the past year, which suggested that 80 per cent of identified offenders were white, although those cases included victims

of all ages and both sexes and most prosecutions involved lone perpetrators.

Salim Mulla, chairman of the Lancashire Council of Mosques and a local councillor in Blackburn, said that his organisation had used its network of 103 mosques to spread a message of "respect for young women" across the Muslim community.

"We've done a lot of preventative work in mosques and madrassas and we're still keeping a close eye on things. We have regular meetings with the police and the local authority. It's a very worrying situation, it's something we take very seriously and I think we've made a real difference."

In other towns and cities, there are signs that the scale of the problem is becoming so grave that agencies are finally prepared to seek targeted help.

In November, nine men — seven of them of Pakistani heritage, one man with a Hindu name and one white man — were convicted of offences involving a child sex gang that groomed, assaulted and raped 27 girls in Derby, most of them aged 12 to 16. As some of the victims were under the care of social services, a serious case review was ordered by the Derby safeguarding children board.

Its published report urged wider consideration of "whether the ethnic background and culture of the perpetrators had any bearing on their decision to

take part in this activity". The board is to ask the Home Office to commission the first official research on the subject.

Detective Chief Inspector Alan Edwards, of West Mercia Police, who has had experience of investigating this type of criminality, has won EU funding to liaise with police officers in the Netherlands, where there have been numerous cases of young white Dutch girls being groomed for prostitution by Moroccan pimps, or "loverboys".

In 2005 and 2006, child protection experts from Barnardo's, the charity, took part in a tri-nation study of child sexual exploitation that included seminars in Utrecht. Presentations in Utrecht were made by the imam of an Eindhoven mosque and a women's group who spoke of the "double moral standards" of offenders who "guard the chastity of their sisters, but ... use other girls for their loveboy practices".

Barnardo's, which runs 21 projects across Britain supporting victims of child sexual exploitation, many operating in the towns and cities of northern England, refused to speak about the ethnicity of on-street groomers. In a written statement, its chief executive, Martin Narey, said: "Anecdotal evidence suggests that trends relating to the predatory adults who sexually exploit young people may sometimes be linked with ethnic background. But they vary enormously throughout the

'The men held the young girls in extremely low esteem, as if this somehow justified the violation'

country and it would be wrong and dangerous for the media or others to generalise on the basis of one or two cases."

Fourteen years ago, Detective Chief Superintendent Max McLean, who has recently retired, led what seems likely to have been the first British police inquiry involving the grooming and sexual exploitation of white girls by a gang of British Pakistani men.

It began with a plea for help from a Leeds mother whose young daughter was leaving via her bedroom window whenever she was summoned by the beeping horn of a private-hire car that would stop outside their house in the early hours of the morning.

The investigation led to 23 arrests and the exposure of a sex-trafficking ring involving a network of private-hire taxi drivers and the sexual abuse of at least 20 girls. The victims had been groomed, held captive and some were

driven as far as Newcastle upon Tyne to be used for sex by older men.

In 1997, after the two ringleaders were jailed for kidnap, rape and assault, Mr McLean warned that what police had uncovered was the tip of an iceberg. He alerted forces across England to the possibility that similar networks were operating in their communities.

Looking back now, his strongest memory is of the girls' extreme vulnerability and of the pleasure that their abusers so clearly took in exercising power and control over them. "The men held those young girls in extremely low esteem; they thought that this somehow justified the violation that was taking place. As the years have passed, the message should have gone out long ago that to ignore the scale and nature of this problem is to bury your head in the sand."

In any other type of child sex offence — online grooming, familial abuse, crimes against prepubescent children, against boys, or grooming by adults in a position of trust — the overwhelming majority of offenders are white men. More than 82 per cent of sex offenders in jail are white; less than 6 per cent are Asian, a statistic that sets in even starker relief the extent to which men of Pakistani origin dominate the list of those convicted of on-street child grooming offences involving gangs.

Leading article, page 2

It is a crime Islam forbids, a crime against humanity

Mohammed Shafiq
Commentary



Men who groom young teenagers to exploit them sexually are committing a crime against humanity, a crime that Islam totally forbids.

As the father of three young girls, I can only share the pain of the parents of white teenagers who have been exploited by Asian gangs in various locations across Britain.

When I first spoke publicly two years ago to condemn such activities, it was because I felt that someone needed to speak out from the Muslim community, to take a stance that would, I hoped, protect teenagers from suffering this heinous evil. Today it is someone else's daughter; tomorrow it could be yours or mine.

I knew then, as I do now, that speaking out would lead to accusations that I was doing the work of the British National Party and that I was making it all up. In 2008, I received verbal and physical abuse. I lost count of the number of times when people said that these were isolated cases. They accused me of bringing shame on our community.

Two years on, we now know that 53 men, mainly of Pakistani background, have been convicted of a series of terrible crimes against young girls. The majority of the victims are white. More people are starting to recognise this pattern and people have now approached me to apologise for their earlier accusations and criticism.

We need to establish why such men are mainly choosing to groom white teenagers and not Muslim girls. The simple answer is that these

people think that white girls have fewer morals and are less valuable than our girls. They also believe that by grooming white girls there will be no reprisal within their own community. This is a form of racism that is abhorrent and totally unacceptable in a society that prides itself on equality and justice.

To stop the British National Party from taking advantage of such crimes and using them for propaganda, we need to have an honest debate within our Asian communities about how we can bring an end to this terrible child sexual exploitation. We should also pay tribute to those girls and their families who have been brave enough to give evidence in criminal trials. There would have been no justice without their courage.

I would like to see imams and mosques addressing these crimes in their Friday sermons, explaining the Islamic ruling on such evil acts and stressing that an attack on a white girl is as forbidden as an attack on our own daughters and sisters. I know there are some imams who have done this with great bravery. Schools and colleges must also talk with teenagers about the dangers of being involved in such crimes. This preventive work would take time but I am certain that it would lead to fewer girls being harmed. The police must also help community groups to reach out to young men before they become on-street groomers. They must be taught to value white teenagers as much as an Asian girl, a Muslim girl or a black girl. There is no difference.

I feel so sorry for these girls and the suffering that they have gone through. These criminals have destroyed promising young lives. We all need to work together to bring this crime into the open and, by doing so, bring it to an end.

Mohammed Shafiq is chief executive of the Ramadan Foundation

Revealed: the conspiracy of silence over UK sex gangs

Continued from page 1
town there is scant evidence of work being undertaken in British Pakistani communities to confront the problem.

The Times has seen a briefing document by researchers at the UCL Jill Dando Institute of Security and Crime Science, which notes that victims are typically white girls aged 13 to 16 and that "most central offenders are Pakistani", warning that "race is a delicate issue" that needs to be "handled sensitively but not brushed under the carpet". The briefing document suggests that the offenders are not paedophiles; they target the girls "because of their malleability".

In the Netherlands many groomers are of Moroccan heritage and a Dutch Muslim organisation has led a project seeking to challenge a cultural mindset that leads some young men to view non-Muslim girls with contempt.

Mr Edwards' belief that similar work is needed in Britain is backed by another senior detective, who led a grooming investigation in West Yorkshire. Lack of public acknowledgement of the race factor in such cases has left a void exploited in some communities by the British National Party and other far-right groups.

In reality, such crimes are abhorred by the vast majority of Muslims. Though most of the girls targeted have been white, among the victims of a

Pakistani gang in one city were several Bangladeshi Muslim girls.

The Child Exploitation and Online Protection Centre said last year that networks of "white British, British Asians and Kurdish asylum-seekers" had been "prominently identified" as internal sex traffickers of British girls.

"Kurds are identified as being dominant in the North-East of England, but Anglo-Asian groups appear to be in control in the Midlands. There are suggestions that in London, West Indian (Caribbean) and Bangladeshi networks are similarly exploiting ... females for sex." With the exception of one case involving two white men in Blackburn, The Times has been unable to identify any court case in which two or more white British, Kurdish, African-Caribbean or Bangladeshi men have been convicted of child-sex offences linked to on-street grooming.

The Home Office said last night that although child protection was "an absolute priority", it had no plans to commission research into the ethnic and cultural background of on-street groomers.

Inside today

17 cases, 13 towns: a pattern of exploitation
News, pages 8, 9

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May 23, 2010

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CASH FOR ROYAL ACCESS SENSATION

FERGIE 'SELLS' ANDY FOR £500k



CASH ON THE TABLE: Fergie on Tuesday, sitting in a Mayfair flat negotiating the £500k deal. Her eyes light up at the sight of our \$40,000 "down-payment".

- **She makes bogus claims he'll help business deals**
- **Takes \$40k cash deposit & demands share of profits**

EXCLUSIVE

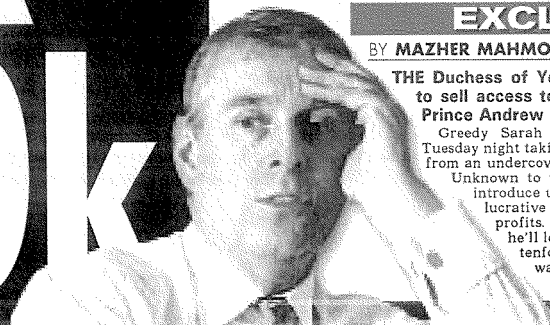
BY MAZHER MAHMOOD

THE Duchess of York is shamelessly plotting to sell access to her trade envoy ex-hubby Prince Andrew for £500,000.

Greedy Sarah Ferguson, 50, was filmed on Tuesday night taking a \$40,000 cash down-payment from an undercover News of the World reporter.

Unknown to the Prince, Fergie **PROMISED** to introduce us to him, **CLAIMED** he'd help fix lucrative deals and **DEMANDED** a cut of all profits. She vowed: "Look after me and he'll look after you... you'll get it back tenfold. I can open any door you want."

FULL STORY: Pages 4-8



CASH FOR ACCESS DESPERATE FERGIE LIES TO MAKE MONEY OUT OF PRINCE

EXCLUSIVE

BY MAZHER MAHMOOD

INVESTIGATIONS EDITOR

GRASPING Sarah Ferguson sensationally tried to use ex-husband Prince Andrew in an outrageous attempt to sell royal access for megacash.

As the Duchess of York set out her stall for a News of the World reporter this week, she blatantly put a price tag on an introduction to Britain's unsuspecting trade envoy Prince, opening the door to lucrative international deals.

Behind her ex's back, Fergie claimed to have discussed it with him and lied: "Andrew said to me, 'Tell him £500,000.'"

"He knows that he's had to underwrite me up to now because I've got no money. So if you want to meet him in your business, look after me and he'll look after you... you'll get it back tenfold."

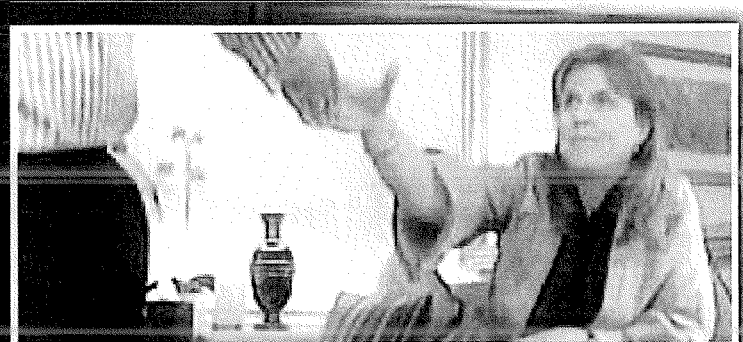
The greedy 50-year-old Duchess, who believed she was dealing with a rich businessman, was then filmed at a secret meeting pocketing an extra \$40,000 down-payment in cash.

Along the way she also **INSISTED** on one per cent commission on any deals we might strike due to her royal connections, and **DEMANDED** we wire the main £2million backhander into her private HSBC bank account.

After the shady deal was sealed with a handshake just before midnight on Tuesday Fergie again tried to drag unwitting Prince Andrew, also 50, into it. She bragged: "That



DINNER DATE: Duchess at Mosimann's



SHAKE ON IT: Fergie agrees her shady deal with our man at his plush Mayfair apartment

FERGIE: So I said to Andrew, 'Well, what do I do?' Because really I think you two could really do some good business together and I think, I think what would happen is that you would, he never makes money because he's ambassador for trade.

REPORTER: That has to be in wire transfer, obviously.

FERGIE: That's a wire transfer that's completely above board.

REPORTER: That goes straight to wire transfer.

REPORTER: Who do we send that to?

FERGIE: You send it to the bank account that I tell you to send it to.

REPORTER: If you give me the bank account details I'll arrange that, no problem at all.

FERGIE: Then that, then you open up all the channels that ever you need. Whatever you want, then you meet Andrew and that's fine.

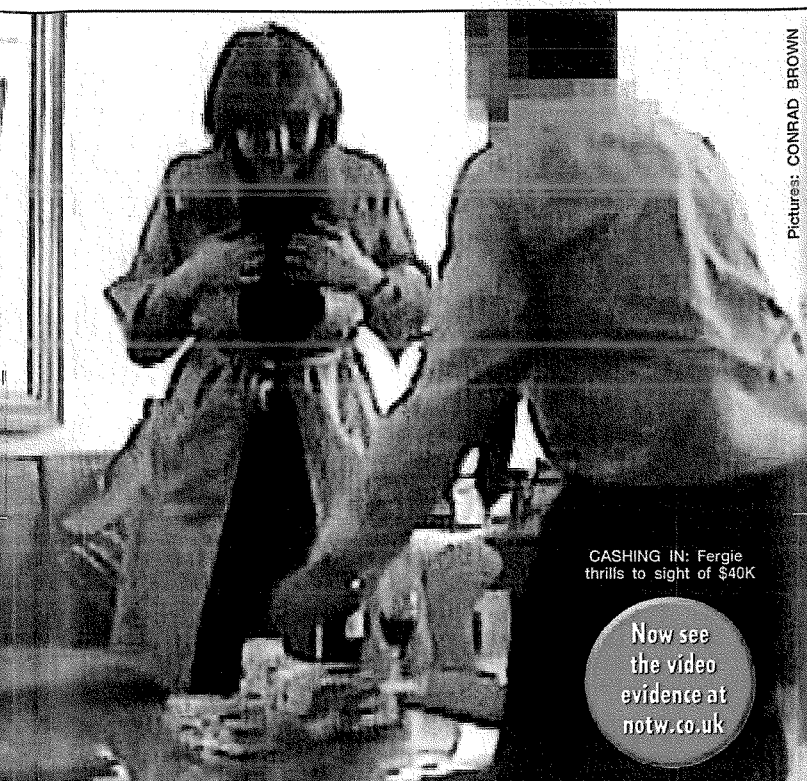
REPORTER: That's when you really open up whatever you want.

FERGIE: And as Andrew said, 'Listen, if he's going to be kind enough to want to play, then Andrew will play.'

REPORTER: Let's play!

FERGIE: And he says 'Let's play, we'll play'-as long as it's nothing to do with him.

HOW SHE LIED ABOUT ANDREW



Pictures: CONRAD BROWN

CASHING IN: Fergie thrills to sight of \$40K

Now see the video evidence at notw.co.uk



IN THE BAG: Fergie grabs the cash

money would go towards paying school fees for an old friend in the States.

But as she stared at the pile of cash before her Fergie was prompted to get down to business again—and the outstanding £500,000.

FERGIE: If you want to go and do a big deal with Andrew, then that's the big one.

REPORTER: I do. Of course. So you need 500,000 in pounds...

FERGIE: But that's in wire transfer.

REPORTER: That has to be in wire transfer obviously.

FERGIE: That's a wire transfer that's completely above board. That goes straight to wire transfer.

REPORTER: Who do we send that to?

FERGIE: You send it to the bank account that I tell you to send it to.

REPORTER: If you give me the bank account details I'll arrange that, no problem at all.

FERGIE: Then you open up all the channels that ever you need. Whatever you want. Then you meet Andrew and that's fine. That's when you really open up whatever you want.

The Duchess then boasted of her special bond with Andrew.

"He's so amazing," she said. "We're the happiest divorced couple in the world."

But then she stretched credulity by claiming her ex told her he'd happily play along with her cash-for access-plot.

FERGIE: And as Andrew said, 'Listen, if he's (our reporter) going to be kind enough to want to play, then Andrew will play.'

REPORTER: Let's play!
FERGIE: And he (Andrew)

'Andrew said to me: 'Tell him £500,000' Look after me and he'll look after you'

opens up everything you would ever wish for. And I can open any door you want. And I will for you."

Her astonishing offer will shock the Queen, the royal family and the Government, for the loose cannon Duchess's ludicrous claims that Prince Andrew—unpaid UK Special Representative for Trade and Investment—could be party to such a scam jeopardise Britain's global reputation for honesty and fair play.

And her willingness to give an unvetted businessman access to her Who's Who contacts book of the world's most influential figures raises huge security fears.

We began investigating the scandal after a close royal associate blew the whistle and told us Fergie was already cashing in on unknowing Andrew by setting up deals with foreign businessmen. She even claimed she had set up a new company last month to handle the dodgy transactions.

And the News of the World has details of TWO tycoons she boasted she had introduced to Prince Andrew.

After our investigators infiltrated her close circle of associates, Fergie agreed to a private meeting with our man, posing as an international tycoon, without once checking his credentials.

That first meeting was at a New York hotel, after Fergie had primed her aides to try to persuade our man to pay a hefty advance fee of \$40,000.

Then—again without any security checks—brazen Fergie texted our man on Monday to arrange a dinner meeting back in London at the exclusive Mosimann's dining club the following night. In a bid to keep the deal under wraps, she sent an advance party of two assistants to the Belgravia restaurant with a detailed seven-page confidentiality agreement they claimed the Duchess wanted signed BEFORE the dinner date.

The contract would effectively prevent our reporter ever discussing anything he had spoken about with Fergie to anyone—a voluntary gagging order.

But even though our reporter refused to sign the document, cash-strapped Fergie still turned up and willingly chatted away.

At a discreet corner table the grinning Duchess—who was wearing a blue suit—immediately dragged her unsuspecting former husband into the negotiations by claiming: "I did ask Andrew about meeting you."

© NEWS OF THE WORLD - OUR LAWYERS ARE WATCHING

And as she tucked into her £12.50 pea soup accompanied by a £95 bottle of burgundy, she made it clear she was willing to try to exploit that closeness.

FERGIE: I could bring you great business. I'd like to think that if I, for example, if I introduced you to...

REPORTER: Andrew for example?

FERGIE: Andrew for example... and he opened up doors for you which you would never possibly do.

Then, depending if it was a very big deal with I don't know, I can't imagine, then each deal you and I discuss the percentage of it.

REPORTER: Absolutely.

FERGIE: And so that's what we would be doing.

REPORTER: That's absolutely clear, no problem whatsoever.

Fergie then insisted any such arrangement must be kept secret—even from the aides who had just left the restaurant.

And she proceeded to describe how she planned to manipulate her relationship with the Prince to her advantage behind his back.

REPORTER: Perhaps he might just mention to me some of the, you know...

REPORTER: Viable projects?

FERGIE: Some really interesting things which I might find interesting. And I'll look into them and maybe then they will ask me to find investments, in which case I might come to you.

At that point the Duchess made her totally unfounded allegation that Andrew suggested the £500,000 introduction fee. She assured our man it would be "a good investment".

As the £30 main course of lamb and vegetables arrived, attention turned to the \$40,000 advance.

When told that the bundles of \$20 notes were waiting for her at our man's apartment around the corner, she promised him a kiss on payment.

Throughout the dinner suspicious Fergie kept asking if our man was a reporter from the News of the World or another paper. But the thought of cash in hand proved more convincing than her fears.

At one point conversation moved to Fergie's daughters, Princesses Beatrice and Eugenie. Beatrice recently became the first royal to complete the London marathon.

When our undercover reporter said he wished he'd sponsored her, greedy Fergie quipped: "No, you're sponsoring the mother!"

After our reporter picked up the £23.25 dinner bill plus £50 tip, Fergie happily jumped into the back of a limo with him—again carelessly risking her personal security—and was chauffeured to the Mayfair flat.

There she boasted about her privileged position and proclaimed: "I'm a complete aristocrat. Love that don't you? I love it. It's tremendously fabulous. But I've never admitted that to anyone by the way!" As she relaxed on the sofa with a glass of wine, Fergie asked our man to donate one per cent of profits from any business deals to her charity, set up to build schools in Asia.

But she soon remembered that charity begins at home.

REPORTER: "Next! On to the next thing, £500,000, when you can, to me... open doors."

REPORTER: It would be Prince Andrew?

FERGIE: Yeah.

REPORTER: Is that a deal?

FERGIE: Yeah.

REPORTER: But I've got to give you \$40,000.

FERGIE: Yeah.

REPORTER: Which I've got now as a deposit. Which is in my safe. But how am I going to give it to you? I haven't got a bag.

At that point the grinning Duchess made a silent "Gimme!" motion with her hand. She then accompanied our man into the next room, watched as he pulled out wads of crisp notes from the safe and carried them into the lounge, and then gasped: "Oh my God, you are a genius!" She said the

says, 'Let's play, we'll play' as long as it's nothing to do with him... But you will be his friend.

I will listen to the friendship talk between you two. And then I do it.

REPORTER: OK.

FERGIE: You two talk.

REPORTER: Right.

FERGIE: I listen.

REPORTER: OK.

FERGIE: Then I activate... he meets the most amazing people. And he just throws them my way.

REPORTER: He throws them your way, fantastic. Well, and you throw them my way.

FERGIE: Yes. But, we, we, I've never said that... he never does accept a penny for anything... he does not and will not and he is completely whiter than white.

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I'LL GET A LICK OF THE SPOON AND SAVE MY BACON - NEXT PAGE

CASH FOR ACCESS FERGIE PLEADS POVERTY AS SHE PLOTS BETRAYAL

EXCLUSIVE

BY MAZHER MAHMOOD
INVESTIGATIONS EDITOR

FERGIE'S shocking money-grabbing scheme is not the first time she tried to cash in on her link to Prince Andrew behind his back, the News of the World can reveal.

We were tipped off by a whistleblower that the devoted Duchess had been endangering the royal family's security and putting her ex-husband's good reputation on the line.

And at the meetings which followed she was always keen to point out how hard up she is—even claiming during one conversation with our man that she hadn't "a pot to p**s in".

The duchess faces a High Court action for unpaid bills amounting to almost £200,000. Her New York Company Hartmoor—founded to encompass various ventures—folded with debts of £650,000 last October.

So, desperate for cash, she has stooped to betraying Prince Andrew in a scandal that will devastate the royal family.

Our investigation began shortly after Fergie made contact with a businessman she hoped to lure into her scheme to make money from Andrew's unpaid role as the Government UK Special Representative for International Trade and Investment.

When they eventually met in January it was arranged through an intermediary, so shrewdly Fergie described him as "dangerous" in a phone call to the alarmed royal associate who tipped us off about her dealings.

Rash

And the scheming duchess even had a codename for Prince Andrew—Billy—as she bragged to our stunned source how she would make money by introducing the royal to the businessman, whose identity we are protecting.

She said: "You see if I can get Billy to introduce quite good business things to [redacted], then [redacted] gives me a lick of the spoon and that saves my bacon."

Our source told us that when Fergie met the man she began negotiating with him to meet unsuspecting Prince Andrew even though he showed her NO CREDENTIALS and had only a mobile phone number to give her as contact. She did not bother to check out his background.

"She told him she could fix up meetings between him and Prince Andrew in Kazakhstan and Abu Dhabi," said our source.

"As long as Sarah thinks you are rich she will be all over you like a rash. She will say she can arrange meetings with Andrew even though he has no idea what is going on. It's incredible."

It was a modus operandi the Duchess repeated when our undercover reporter, posing as a wealthy infiltrated Fergie's closest circle of associates.

The word soon got to her that our man was interested in her introduction service to Prince Andrew.

It led to an initial meeting with her for dinner at the famous New York boutique hotel, The Mark, on May 13.

She was accompanied by two assistants. Over a glass of vodka and tonic, the Duchess began with some small talk, announcing that she is writing a new book.

"It's going to help men with how to deal with irritating, greedy wives,

I'LL GET A LICK OF THE SPOON ..AND SAVE MY BACON

who are completely out of control," she boasted, oblivious to the irony of what she'd said.

But moments later Fergie began to make her pitch, telling us she had her ex-husband so much in her pocket that she still lives in the same house—a guest room at the 30-bedroom Royal Lodge in Windsor. She she boasted that he called her "five times a day".

"We're the happiest divorced couple in the world," she said. Then she began her sales pitch, proudly telling our reporter: "He's ambassador for trade".

Effectively, Andrew is our Government's super salesman for UK business abroad—and works hard to develop relationships in the Middle East, South East Asia, India, China and North Africa.

Since he started work in 2001, he has helped dozens of British firms try to win business abroad including Roll Royce, Shell and HSBC. Sarah ensured our man knew the benefits of such a contact and moved off details of the Prince's meet-

ings in an astonishing breach of royal security.

As the ordered lobster arrived on the dinner table, Fergie then made her first move to get our reporter and Andrew together—by inviting a "businessman" she barely knew into the heart of a royal residence—the Duke's country home and former official residence of the late Queen Mother, in the shadow of Windsor Castle.

Talk

"What I want you to do next is to meet Andrew," she said. "At this moment he's someone you really need to meet, not just because of the man he is."

"So as soon as you come to London, come to Royal Lodge. I'll introduce you and sit down, and you'll talk to him about whatever." After that first meeting, Fergie reported

back to our source who was acting as intermediary. In a phone call she pretended she had set up the deal—and named her price.

She said: "OK, well I spoke to Billy and Billy is happy to meet with him but (he) has to know that for Billy to meet with him etc, etc, he has to give me £500,000."

She also told her pal to ask our man to arrange the \$40,000 deposit she wanted in cash so she could pay off bills.

Then came the meeting on Tuesday at top London restaurant Mosiman's followed by a trip to what she believed was our man's Mayfair apartment in which she set about clinching the deal.

During the negotiations, the duchess indiscreetly spilled the beans about her financial hardship and her relationship with the royals. Revealing her divorce settlement was

only £15,000 a year, Fergie bleated: "I have not got a bean to my name. I'm a taxpayer, a British taxpayer and I left the royal family for freedom and in freedom it means I am bereft. I'm hopeless."

REPORTER: Your divorce settlement must've been...
FERGIE: Zero
REPORTER: 50 million
FERGIE: Zero!
REPORTER: Pounds
FERGIE: No. £15,000

Fergie snapped: "Do you understand that I absolutely have not a pot to p**s in?"

"I left the royal family with friendship, no money. Diana left with 20 million. And that's why the Queen is my friend because I never took a bean from them. The Queen of England sent lawyers in to divorce me from Andrew because he is a taxpayer so she pays him. I got half a

naval salary—a naval salary is £30,000. I believed it was right at the end of the day never to ask Andrew for anything because it wasn't his money, it was the Queen's."

"The lawyers said, 'Go to court with the Queen' and I won't because she's a wonderful lady."

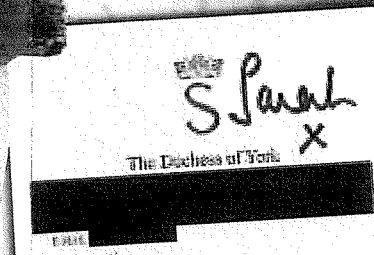
6 Have you got any friends in London who want to spend? Well, to sit on my table with Beatrice and me with Elton John and it's pretty cool 9



GREEDY FERGIE: She even wanted our man to invite 'fat cats' to join her and Beatrice at Butterfly charity ball



ROYAL DUPE: Prince Andrew's in the dark



Now see the video evidence at notw.co.uk

CALL ME! Fergie business card



ROYAL LODGE-R: Fergie's home

How she says she's poor.. but well-connected

ON ANDREW

FERGIE: He's someone you really need to meet, not just because of the man he is, so as soon as you come to London, come to Royal Lodge, I'll introduce you and sit down, and you'll talk to him about whatever

ON 'POVERTY'

FERGIE: I haven't got a bean to my name. I'm a taxpayer, a British taxpayer and I left the Royal Family for freedom and in freedom it means I am bereft. I'm hopeless

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ON THE QUEEN

FERGIE: The Queen is my friend because I never took a bean from them

ON APPEARANCES

FERGIE: That car, my Bentley, is lent to me by a friend of mine. And the driver's a cabbie. He cost me fifty quid. I live, I don't have a house. I have a rented guestroom in Andrew's house

Bentley, is lent to me by a friend of mine. And the driver's a cabbie. He cost me 50 quid. I don't have a house. I have a rented guestroom in Andrew's house."

But the next minute she was inviting our reporter and any friends he could drum up to join her and her daughter Princess Beatrice and their friend Sir Elton John at the charity Butterfly Ball in Battersea Park, London, on Thursday.

"And I've agreed a settlement because I chose friendship with the Queen."

Fight

She even rounded on our businessman for being rich as she pressed home her lack of money and complained that she had to drive around in a friend's Bentley and fork out for a chauffeur.

"Have you forgotten what it's like? she snapped. Have you forgotten what it's like to have nothing? I've changed millions of children's lives but they (the royals) still leave me with nothing. It's okay because I'll fight and I'll win. That car, my

REPORTER: Because that's business and you're a businesswoman.
FERGIE: That's fine. Yeah, I'm a businesswoman but I haven't got a bean to my name.
Even after the £500,000 deal was sealed by a handshake, Fergie again began pleading poverty.
Her financial problems include being accused of causing the collapse of a firm she hired to organise a New York celebrity ball in 2007.
It was in aid of her charity the Sarah Ferguson Foundation—but invited A-list celebrities such as Brad Pitt, George Clooney and Cameron Diaz failed to appear.
And the USA seems to be growing weary of 'Brand Fergie'. She is no longer the £2 million-a-year international ambassador for WeightWatchers, but her PR handlers insist it was her decision to give it up and move. Fergie claimed her two children—Princesses Beatrice and Eugenie—were bailing her out.
"At the moment, my children pay for me. They have a trust fund from

You're a duchess. You're on the government payroll.
FERGIE: Bull****. You're full of shit. Take it back.
REPORTER: OK, not the British government—the British taxpayers pay for you.
FERGIE: Nope. No, I'm a taxpayer.
REPORTER: No, but the royal family are paid for by the taxpayers.
FERGIE: No. Not a bean. No, 'cos I'm not part of the royal family.
REPORTER: You are part of the royal family. You are a Duchess.
FERGIE: I'm not, I'm not.
REPORTER: You're a liar. You are part of the royal family.
FERGIE: Did you just accuse me of that?
REPORTER: Because you're a royal. You're a Duchess.
FERGIE: You're full of sh*t. Why would I honestly ask you for any money, a bean, if I was paid for?

Horses

When our man, trying to make small talk, casually asked why accomplished rider Fergie didn't keep any horses, she retorted: "Cos I haven't got any money and you're going to sort that out for me."

Then came more moaning about money—which almost exploded into a row as our man suggested that a British royal need never be broke.

REPORTER: I have the biggest heart
FERGIE: I have the biggest heart and the biggest of everything. But I have zero money. I have nothing.
REPORTER: You have got money.

have not a pot to p*** in?

CASH FOR ACCESS ROLLERCOASTER OF SCANDAL



BY ROBERT JOBSON

ROYAL EDITOR WHO KNOWS HER BEST

THE Duchess of York has always had a unique talent for reinventing herself.

She has ridden a rollercoaster of Royal scandal for years with breathtaking sexual and financial indiscretions.

Somehow, she has always bounced back. But with the "cash for royal access" scandal, Sarah has plumbed new depths.

She has tried to use the good name of her ex-husband Prince Andrew—our country's Special Representative for International Trade and Investment—in return for a fistful of dollars.

I have known her well for 17 years. We first met when I joined her on a charity trip in the Himalayas in 1993. That's us in the picture above.

She undertook the mission—in aid of disabled climbers—off her own bat. She earned no money from it. It was typical Sarah—always keen, maybe too keen, to help those in need if she could.

She has raised millions, a lot of it commendably for needy children.

But the arrogance with which she tried to sell her links to Prince Andrew—and in doing so our royal family and country—in exchange for money is as astonishing as it is outrageous.

She is clearly desperate—without a "pot to piss in", she says. But that cannot excuse her behaviour, abusing her title and royal connections to feed her greed.

The last person to hold that title—Duchess of York—was Queen Elizabeth, the Queen Mother. She was a woman who dedicated her long life to public service, loyally standing by King and country at our darkest hour in World War II, refusing to leave London in the Blitz.

Shame

The Queen Mother will be turning in her grave. Like a bad penny, Sarah keeps coming back to haunt the royals and embarrass her former mother-in-law the Queen, a woman she says she respects so much that she did not want to go to court to get a proper divorce settlement.

I am sure the Queen is ruing the day she did not dig a little deeper with a substantial clean break deal.

Sarah harks back to how Diana was paid off with £20million when she divorced Prince Charles. That is true. But given Sarah's track record, if she had received the same deal she would have probably blown the lot within the blink of an eye.

Sarah should hang her head in shame. Andrew has tried to support her, coming to her aid time and time again. She is even living in his country home, the Royal Lodge at Windsor, ironically once the Queen Mother's residence.

Andrew takes his trade ambassador's role seriously. When I interviewed him in his private office at Buckingham Palace this year he talked with passion about the need for ministers, businessmen and academics to pull together to enable British industry to be more successful.

He was proud of the work he does—and of his country. Now, through Sarah's greed, a decade's good work as super salesman for Great Britain PLC abroad has been put at risk.

Behind his back his desperate ex is trying to trade on his name, risking his and our country's reputation.

She has also exposed herself to possible blackmail and endangered royal security—including that of her own daughters Beatrice and Eugenie—all for "a lick of the spoon" to save her bacon, as she crudely put it.

It beggars belief. To many, especially the grey-suited royal courtiers who really run the Monarchy, Sarah has been a bad joke ever since the infamous toe-sucking pictures, ever since she threw bread rolls around the first-class cabin on a transatlantic aircraft. Perhaps, for many, ever since 'It's A Royal Knockout'.

But she has now plumbed new depths with grubby behaviour that might once have seemed beyond even her.

Her willingness to trade cachet for cash



KISS: But bliss ended. Right: In It's A Knockout

PUBLIC IMAGE: with family

'Vulgar, vulgar, vulgar' Sarah brought down by greed



FALL OF FERGIE: Her marriage disintegrated into toe-sucking shame and grubby greed

has drawn her to into the company of unsuitable characters. Even before we were tipped off about her behaviour, she boasted to a source that a "dangerous" contact had put her in touch with a businessman she claimed to have introduced to Andrew.

It's hard to believe today, but once upon a time Sarah Ferguson seemed like a good idea. When she married Prince Andrew in 1986, even the hard-to-please Duke of Edinburgh saw the daughter of Charles's risqué polo manager Major Ronnie Ferguson as a breath of fresh air through a monarchy seen as out of touch.

She had a job, with a publishing firm. She had had at least two previous relationships, with a ski instructor, Kim Smith-Bingham, and a racing driver, Paddy McNally.

But the expectations were impossible. She has claimed that her royal marriage was doomed because she saw Andrew, a serving Naval officer then, an average of 40 days in

each of the first five years. Without Andrew there to "protect" her, she was exposed. She was dubbed "The Duchess of Pork" after putting on weight. Her next nickname was "Freebie Fergie" after accepting gifts of clothes and holidays.

Sarah spoke publicly of how she "worshipped" her husband, was derided for leaving behind firstborn Beatrice when she joined him in Australia and was criticised for her many foreign trips. The 30-room house she had built in Sunninghill Park was dubbed "South York" after the glitzy mansion in TV's Dallas and branded vulgar.

She has always loved the jetset lifestyle. In 1990 she flew to Morocco in the private plane of American millionaire, Steve Wyatt, who was soon calling her "Mah woman" in his Texan drawl.

She was brazen about the relationship. In March 1992, photographs of the pair on holiday with Beatrice and Eugenie were discov-

ered at a flat previously rented by Wyatt in Eaton Square.

It was the final straw. Within weeks, Andrew and Sarah's separation was announced.

Within months, that "scandal" was overshadowed by publication of photographs of the bare-breasted duchess having her toes sucked by her financial adviser, Wyatt's pal Johnny Bryan.

She later complained that the Palace "Old Guard" ganged up on her, later confirmed when the Queen's former private secretary, the late Lord Charteris, described Fergie as "vulgar, vulgar, vulgar".

After a briefing at the Palace with two senior courtiers, a veteran BBC correspondent famously emerged to report: "The knives are out for Fergie at the Palace."

They were, and it was the end of the marriage. She was stripped of her HRH title and hung out to dry. She was also in serious debt. After her divorce in 1996, she was said to have owed as much as £3 million to Coutts Bank. Sarah was forced to cash in on her royal name and reinvent herself in America.

She did so with aplomb—clearing her bank debt with a successful career in the US where she earned millions as the face of WeightWatchers until last year.

More recently, she produced the successful film "Young Victoria". She has also made TV films, documentaries, and touted herself on the lecture circuit.

But Brand Fergie finally came unstuck in the US, and last year she had to come home and seek refuge with loyal Andrew.

Last October she revealed how the debt-ridden duchess was forced to close her US business after losing at least £1.35 million.

She had to pull the plug on her lifestyle-and-promotions outfit Hartmoor LLC, based in New York, after failing to land any major endorsement deals despite bids to promote herself.

Then she fell out with her majority business partner, swanky US multimillionaire investment banker Todd Morley.

The once-close friends invested hundreds of thousands of pounds launching Hartmoor in a blaze of publicity in 2006. They were pictured at several US functions together as they pumped in more money and encouraged others to invest too.

Desperate

Sarah and Morley were forced to pay back creditors after taking out a loan understood to be as much as £667,000.

She has no home of her own, but has a trust fund, intellectual property such as her book character Bugdie the Little Helicopter, antique art and furniture that could be used as surety.

The Duchess and Morley—who covered his losses out of his own pocket—were forced to pay thousands of dollars of unpaid US tax bills. Both refused to file for bankruptcy, as they feared that move would cause them "embarrassment". Instead they vowed to settle their huge debts.

Once again Sarah tried to bounce back. She announced that rights to her Little Red children's books had been sold to a Hollywood studio, and she flagged up that she was about to secure a deal to make a TV documentary series.

Now she is clearly desperate. She says she is close to bankruptcy.

One of the reasons—apart from her compulsive spending—is the fact that the British royal family hung her out to dry when she and Prince Andrew divorced in 1996.

She secured an absurdly paitry divorce deal—£15,000 a year, which was half his Royal Navy salary at the time. She was left with no house, no car, not even that pot.

The settlement was more about ensuring the couple's two daughters were cared for and permitting Fergie to stay friends with the royal family, the Queen in particular.

Now she has come back to haunt them once again, despite being excluded from royal family gatherings for years.

She is not on the guestlist for official events. Even at Christmas, her children go off to Sandringham without her.

Some have felt sorry for her. But she has exhausted any remaining sympathy today.

Clearly Prince Philip, who is the head of family matters for the Windsors, knows his ex-daughter—warts and all—better than anyone.

Now we know why he has been so determined to set her adrift. She is nothing more than a liability.

GOT A STORY? EMAIL NEWSDESK@NOTW.CO.UK OR CALL 0207 782 1001