

Made for the purposes of: The Leveson Inquiry
Witness: Chapman, J
First Statement of Witness
Dated: 15.09.2011

IN THE ROYAL COURTS OF JUSTICE

LEVESON INQUIRY INTO THE CULTURE,
PRACTICES AND ETHICS OF THE PRESS

FIRST STATEMENT OF
JONATHAN CHAPMAN

I, Jonathan Chapman, say as follows:

I make this statement pursuant to a request dated 12 August 2011, by the Solicitor to the Leveson Inquiry, that I provide written evidence to assist the Inquiry. I have not had the benefit of access to papers or files at News International in compiling this statement. I adopt the Inquiry's numbering for ease of reference.

- 1. Who you are and a brief summary of your career history in the media and as a lawyer.**

I was a solicitor working in the company department at Clifford Chance for ten years from qualification, specialising in mergers and acquisitions and listed company work. I left in 1996 and, after both legal and human resources roles in the energy industry, joined News International in July 2003 as Director of Legal Affairs, heading up their Corporate Legal Affairs function. I have no criminal law experience. I indicated to News International on 23 June 2011 that I wished to leave the company. The principal reason for this was that the prospects of me pursuing at News International my primary interest of advising on mergers and acquisitions and projects had severely diminished.

2. What your responsibilities as in house legal adviser were?

I had ultimate legal responsibility at News International for corporate and commercial legal matters. These matters included corporate acquisitions and disposals, general contract and commercial law, supporting the Human Resources function on employment law, competition law, intellectual property, data protection and real estate advice. Tom Crone had ultimate legal responsibility for all editorial legal matters, and he reported to the Chief Financial Officer, not to me. As part of my role, I managed four experienced lawyers who dealt with matters ranging from intellectual property enforcement and supporting the manufacturing and distribution side of the business to providing legal advice on advertising, marketing and gaming matters.

I was also responsible for advising, when required, on corporate governance issues and, along with Human Resources, ensuring News Corporation company-wide policies were implemented. In this context I supervised company secretarial matters, gave ad hoc advice to News International directors as to their duties and responsibilities as directors and frequently liaised with Internal Audit and Finance on financial compliance issues, such as Sarbanes-Oxley.

3. Whether you have ever been asked to advise upon the legality of methods of obtaining information including (but not limited to) phone hacking, computer hacking and blagging? If so, please give the best particulars that you can about who

sought the advice, when, in what context and the advice that you gave (please see the penultimate paragraph of this notice in relation to legal privilege).

I was not asked for such advice as these matters were not within my area of responsibility. My team's legal responsibilities did include advising the business on the obtaining and management of reader and customer data, and data retention policy more generally, so as to be compliant with the Data Protection Act.

- 4. What training, guidance and policies were provided to you by News International in order to enable you to accurately advise upon the legality of methods of obtaining information (including keeping up to date)? Do you consider that it was adequate?**

None.

- 5. Whether you have ever been asked to advise upon the legality of paying public servants (including police constables) for information either in cash or kind. If so, please give the best particulars that you can about who sought the advice, when, in what context and the advice that you gave (please see the penultimate paragraph of this notice in relation to legal privilege).**

No.

- 6. What training, guidance and policies were provided to you by News International in order to enable you accurately to advise on issues of bribery and corruption? Do you consider that it was adequate?**

As a practising solicitor, I was required to undertake not less than 16 hours of Continuing Professional Development (CPD) annually. I managed my own CPD and other training, ensuring I met both the professional requirement, and any training I needed to perform my job. The lawyers I managed were responsible for ensuring their own CPD compliance and training requirements, and I had a budget for my department's training. News

International provided me with no specific training on bribery and corruption, although its Standards of Business Conduct provided general guidance to all employees. I am satisfied that my knowledge of the law concerning bribery and corruption was adequate to give advice to others.

7. Have you had input into any internal inquiry into phone hacking, computer hacking, blagging or bribery or corruption/ If so, please describe the same, setting out your role and the outcome?

In April 2007, the then Chairman and Chief Executive of News International, Mr. Les Hinton, asked the then head of HR of News International, Daniel Cloke, to carry out a review of emails between Clive Goodman and five named employees of the News of the World.

Mr Goodman had been convicted of criminally hacking phones and had been dismissed by Mr Hinton. Mr Goodman had appealed against his dismissal and in the internal disciplinary appeal had suggested that the five named individuals either had knowledge of, or were complicit in, his phone hacking activities.

Mr Hinton wanted this proposition explored, and the IT department were asked to produce all emails between these parties over the relevant period. Mr Cloke asked me to assist in this exercise and he and I were given on-line access to these emails, I recollect some 2500 in number, and reviewed them and reported to Mr Hinton our opinion that we found no reasonable evidence of such knowledge or complicity in illegal phone hacking. Some of the email traffic attracted attention but in our view was benign when viewed in the full context of the email traffic.

This exercise was conducted both to find out whether what Mr Goodman claimed in his internal disciplinary appeal was true, and to anticipate the likely evidential position regarding such issues if raised at an employment tribunal. Mr Hinton asked that we took the opinion of an experienced external lawyer in consequence of which I instructed

Harbottle & Lewis to advise. Broadly they shared the view of myself and Mr. Cloke, and I am in agreement with the evidence given to the Culture, Media and Sport Select Committee by Harbottle & Lewis concerning this matter.

Mr. Goodman's appeal was refused and he instructed solicitors to institute an unfair dismissal claim against his former employer. It was the practice of News International to send issued employment tribunal claims to outside lawyers, but, before proceedings were issued, I explored settlement with Mr Goodman's solicitors. I took the view that Mr Goodman's dismissal was procedurally defective, and this gave him prospects of success. I negotiated a settlement framework via a compromise agreement based on approximately his one year's notice, compensation of £40,000, and costs – in total £153,000. This was accepted by Mr. Hinton and Mr. Cloke, and I drafted and executed a compromise agreement in those terms.

I have not had access to any file papers so this history is based on my memory of events.

8. How you understand the system of corporate governance to work in practice at News International and the newspapers owned by that company with particular emphasis on systems to ensure lawful, professional and ethical conduct;

News International employees, in whatever area of the business they work, as employees of a News Corporation subsidiary, are subject to the News Corporation Standards of Business Conduct (the "Standards") which are referred to in all recent contracts of employment and widely publicised (latterly, on the company's intranet). The Standards are supported by News International human resources-related policies of general applicability. I believe that new employee induction programmes at News International cover these areas. News Corporation has a confidential and anonymous system - Alertline - to allow employees to report conduct they believe to be contrary to the Standards or which raises ethical issues. A complaint made through this system would then be investigated at the relevant business unit. The events at the News of the World

some years ago put into question compliance at a practical level, but this was not an area of News International for which I was responsible.

- 9. What your role was in ensuring that the system of corporate governance and all relevant policies were adhered to in practice. If you do not consider yourself to have had an responsibility for this, please tell us who you consider held that responsibility;**

The ultimate responsibility for such adherence at News International is that of the Chief Executive. Human resources had overall responsibility for monitoring compliance with the various employee policies (for example, ones relating to equality), and I would advise and support them on their request.

- 10. Whether the documents and policies referred to above were adhered to in practice, to the best of your knowledge;**

The HR policies and documents of wider application, such as the Standards of Business Conduct, were adhered to to satisfactorily in my experience on the commercial - ie non-editorial - side of the business, for which I had ultimate legal responsibility.

- 11. Whether these practices changed, either as a result of the phone hacking media interest or prior to that point, and if so, what the reasons for the change were;**

I am not aware that they did.

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

I do not know as this was not within my area of responsibility.

- 13. To what extent an editor is aware and should be aware, of the sources of the information which make up the central stories featured in the newspapers owned by News international each day (including the method by which the information was obtained);**

I do not know as this was not within my area of responsibility.

- 14. The extent to which you consider that ethics can and should play a role in the print media, and what you consider 'ethics' to mean in this context;**

I was employed as a lawyer and consider that any employer of me as a lawyer is entitled to expect that my advice is based on a fair, objective and accurate understanding of those areas of the law within my expertise. I think that there is a high degree of coincidence of English law and broad morality. At the edges of the law there may be fine questions of ethics and morality, as are sometimes illuminated in higher court judgments, and I see the duty of an advising lawyer to be to explain such matters where apposite to their client's instructions. Phone hacking is illegal and wrong on any view, so I do not see any subtle legal or moral questions arising about it.

- 15. The extent to which you, as a legal adviser, felt any financial and/or commercial pressure from the proprietors of News International or anyone else, and whether any such pressure affected any of the decisions you made as legal adviser (such evidence to be limited to matters covered by the Terms of Reference);**

I did not.

- 16. The extent (if any) to which you, as a legal adviser, had a financial incentive in the newspapers owned by News International printing exclusive stories (NB. It is not necessary to state your precise earnings);**

None.

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

I have no direct knowledge of this.

- 18. What your role was in instructing, paying, advising on, or having any other contact with such private investigators and/or other external providers of information including advising on any of these activities;**

None.

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

I do not know.

- 20. If there was such a policy/protocol, whether it was followed, and if not, what practice was followed in respect of all these matters;**

I do not know.

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

I do not know.

- 22. The extent to which you are aware of protocols or policies operations at the newspapers owned by News International in relation to expenses or remunerations paid to other external sources of information (whether actually commissioned by those newspapers or not). There is no need for you to official' sources such as the Press Association;**

I do not know of any such protocols or policies..

- 23. Whether you, or the newspapers owned by News International (to the best of your knowledge) ever used or commissioned anyone who used computer hacking' in order to source stories, or for any other reason.**

I did not and have no knowledge of others doing so.

- 24. If you cannot answer these questions, or take the view that they could be more fully answered by someone you must nonetheless provide answers to the extent that you can, and to the extent that you cannot you must provide the Inquiry as soon as possible with names of those who would be able to assist us further.**

Most of the above questions should best be addressed by the editorial lawyers at News International. Tom Crone, former Legal Manager, News International, had overall

responsibility for editorial legal matters and was also the News of the World's lawyer,
The principal lawyers for other titles are Justin Walford at The Sun and Pia Sarma and
Pat Burge at Times Newspapers.

STATEMENT OF TRUTH

I believe the facts contained in this Witness Statement to be true.

Signed:

Jonathan Chapman

Dated: 15 September 2011