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Mr Zac Goldsmith MP: Resolution letter

Letter from the Commissioner to Mr Neil Coyle MP, 13 June 2016

I have now completed my inquiries into your complaint about Mr Zac Goldsmith MP. In essence, the complaint I have investigated is that contrary to the rules of the House, during the 2010 Parliament Mr Goldsmith did not register receipt of 'sponsorship' (Category 4 donations) within the timescales set by the rules of the House.

As you will see from the evidence pack accompanying this decision letter, Mr Goldsmith had recognised and apologised for his breaches of the rules in June 2015. At that time, Mr Goldsmith was personally briefed by the Registrar about his responsibilities and a member of Mr Goldsmith's staff also received a briefing in order to be able to assist Mr Goldsmith in this matter with such matters in the future. Since then, Mr Goldsmith has made no further late registrations.

I have upheld the allegation. I consider Mr Goldsmith has made an acceptable response and that the rectification action is sufficient to bring the matter to a close. I will report the matter briefly to the Committee on Standards. In due course, this letter and the relevant evidence (a copy of which I enclose) will be made available on my parliamentary web-pages.

I am copying this letter to Mr Goldsmith.

13 June 2016

Written evidence received by the Parliamentary Commissioner for Standards

1. Letter from Mr Neil Coyle MP to the Commissioner, 18 March 2016

5 It has come to my attention that it appears the Member of Parliament for Richmond Park and North Kensington, Zac Goldsmith, has breached Parliamentary rules on numerous occasions in belatedly declaring large donations on the Register of Members' Parliamentary Interests.

10 On 5 June 2015, Mr Goldsmith registered 30 new donations on the Register of Members' Parliamentary Interests. My understanding is that the Code of Conduct for MPs states that: "Members are required to register within 28 days any change in those registrable interests".

15 However, the Electoral Commission's own record of donations to the Conservative Party (Richmond Park) show that 24 of Mr Goldsmith's 30 new entries were registered with Parliament over three months late. Most of the donations were registered over a year late, with some even declared more than four years past the cut-off date.

I've enclosed the list of donations declared to the Electoral Commission so you can cross-reference with the donations declared on Mr Goldsmith's Parliamentary register of interests.

20 It appears that Goldsmith has failed to correctly declare well over £120,000 of donations with some not registered with Parliament for over four years. These donations might be considered small change by Goldsmith, but there shouldn't be one rule for the former non-dom and another for everyone else.

25 Throughout the last Parliament, Mr Goldsmith spoke during a number of debates in the House of Commons and he would have been unable to point other Members of Parliament to possible conflicts of interest as his register entries were not accurate.

30 Mr Goldsmith has been investigated before by the Electoral Commission over exceeding spending limits during election campaigns. Now it has come to light that there are serious omissions and irregularities in Mr Goldsmith's register of parliamentary interests. I believe a full investigation into these new revelations is required to get to the bottom of what looks like major breaches of Parliamentary rules.

I look forward to hearing from you.

18 March 2016

2. Letter from the Commissioner to Mr Zac Goldsmith MP, 24 March 2016

35 I would welcome your help with a complaint which I have received from Mr Neil Coyle MP in respect of the registration of your financial interests. A copy of Mr Coyle's letter is enclosed.

My Inquiry

I am aware that you wrote to me in June 2015 to apologise when the donations to which Mr Coyle refers were registered. I did not begin an investigation on my own initiative at that time. However, the number and value of the donations involved and the absence from your current register entry of a subsequent donation from Mr Graeme Ferrero recorded on the Electoral Commission website¹ (which may also be registrable), has led me to the conclusion that I should begin an inquiry into an alleged breach of paragraph 13 of the House of Commons Code of Conduct.²

In essence, the scope of my inquiry will include the registration of the sponsorship payments you have received since your election to the House in May 2010 and of a shareholding in *All Star Leisure Group* which became registrable in April 2015. I will also consider whether the rules of the House required the registration of the donation made by Mr Ferrero on 23 November 2015.

In the course of my inquiry I will consider whether the rules of the House required the declaration of any such financial interests during parliamentary or other proceedings.

The Code of Conduct

Paragraph 13 of the 2009 *House of Commons Code of Conduct* (amended in 2012) said

Members shall fulfil conscientiously the requirements of the House in respect of registration of interests in the Register of Members' Financial Interests. They shall always be open and frank in drawing attention to any relevant interest in any proceeding of the House or its Committees, and in any communication with Ministers, Members, public officials or public office holders.

This paragraph is repeated in the 2015 Code of Conduct.

The Guide to the Rules relating to the conduct of Members

Paragraph 7 of the Guide to the Rules accompanying the 2009 Code said:

The main purpose of the Register is to give public notification on a continuous basis of those financial interests held by Members which might be thought to influence their parliamentary conduct or actions.

Paragraph 8 of the Guide said

The main purpose of declaration of interest is to ensure that Members of the House and the public are made aware, at the appropriate time when a Member is making a speech in the House or in Committee or participating in any other proceedings of the House, of any past, present or expected future interest direct or

¹ <http://search.electoralcommission.org.uk/English/Donations/C0240074>

² HC1885 <http://www.publications.parliament.uk/pa/cm201012/cmcode/1885/188501.htm>

indirect, which might reasonably be thought by others to be relevant to those proceedings.

Registration

Paragraph 11 of the Guide set out the duties of Members in respect of registration. It said

Members of Parliament are required to complete a registration form and submit it to the Commissioner within one month of their election to the House (whether at a General Election or at a by-election). After initial publication of the Register (or in the case of Members returned at by-elections, after their initial registration) it is the responsibility of Members to notify changes in their registrable interest within four weeks of each change occurring.

There were 12 categories under which registrations were required during the 2010 Parliament. Category 4 registrations related to **sponsorships**. These were defined as:

- (a) any donation received by a Member's constituency party or association, or relevant grouping of associations which is linked either to candidacy at an election or to membership of the House; and*
- (b) any other form of financial or material support as a Member of Parliament amounting to more than £1,500 from a single source, whether as a single donation or as multiple donations of more than £500 during the course of a calendar year*

Paragraph 30 of the Guide said:

Category 4(a) deals with financial contributions to constituency parties or associations or (where the party is organised other than on a constituency basis) the relevant grouping of associations. Such reporting to the Register of Members' Financial Interests is additional to the statutory reporting requirements of local political party accounting units to the Electoral Commission under PPERA. For the purposes of the Register of Members' Financial Interests, support should be regarded as "linked" if it is expressly tied to the Member by name, e.g. if it is a contribution to a Member's fighting fund or a donation which has been invited or encouraged by the Member or candidate. Financial contributions to constituency associations, parties or area associations, etc. which are not linked to a Member's candidacy or membership of the House, that is where the donation would have been forthcoming irrespective of the identity of the candidate or Member, and the candidate or Member has played no part in securing it, do not have to be registered on the Register of Members' Financial Interests.

Paragraph 33 of the Guide explained that "Category 4(b) covers any other financial or material benefit in support of a Member's role as a Member of Parliament Such support is registrable whether it is provided directly to a Member or is a donation made to a Member's central party or organisation with a wish that it should be allocated to the support of a particular Member or front-bench office." Paragraph 34 said "Members standing for election to non-parliamentary office (for instance election to a devolved

institution, elected mayoralty or party office) should register donations received to support such candidacy.”

In May 2015 a new Code of Conduct and Guide to the Rules relating to the Conduct of Members took effect. The 12 registration categories were reduced to 10 categories. A new category 2 replaced category 4. Since May 2015 “*Donations and other support for activities as a Member of Parliament*” have been registrable under Category 2. A copy of the relevant part of the new Guide is enclosed. While the rules are expressed differently with changed paragraph numbering, the essential points are unchanged.

Since May 2015 “*Shareholdings*” have been registrable under category 7. The threshold for registration is set out in paragraph 51 of the Guide. It says:

Members must register, subject to the paragraphs below, any holdings which:

- (i) amount to more than 15% of the issued share capital of that company, or more than 15% of a partnership;*
- (ii) are valued at more than £70,000.*

Declaration

Paragraph 72 of the Guide to the Rules accompanying the 2009 Code said

In 1974 the House replaced a long standing convention with a rule that any relevant financial interest or benefit of whatever nature, whether direct or indirect, should be declared in debate, or other proceeding. The same rule places a duty on Members to disclose to Ministers, or servants of the Crown, all relevant interests. The term ‘servants of the Crown’ should be interpreted as applying to the staff of executive agencies as well as to staff employed in government departments.

Paragraph 73 explained that

The rule relating to declaration of interest is broader in scope than the rules relating to the registration of interests in three important respects. As well as current interest, Members are required to declare both relevant past interests and relevant interests which they may be expecting to have. In practice only interests held in the recent past, i.e. those current within the previous twelve months, need normally be considered for declaration”

Paragraph 74 defined the test of relevance:

.... The basic test of relevance should be the same for declaration as it is for registration of an interest; namely, that a financial interest should be declared if it might reasonably be thought by others to influence the speech, representation or communication in question

Next steps

I would welcome your response to this allegation, taking account of the requirements of the then Code of Conduct and, in particular, this summary of the most relevant rules.

In particular, it would be helpful to know:

5

- What led you to register your shareholding in *All Star Leisure Group* on 5 June 2015 and why you did not register this interest within 28 days of it becoming registrable

10

- Whether you have considered registering the donation of £2,000 made by Mr Graeme Ferrero in November 2015 and, if you did so, and decided that it was not registrable, your reasons for reaching that conclusion

- Whether there are any occasions since May 2010 on which the rules would have required you to make a declaration of any of these category 4/category 2 and category 7 interests and where you have not done so

15

- What steps you have taken to ascertain that you would/would not have been required to make a declaration or declarations

- Whether you sought advice from the House authorities on any occasion about whether registration and/or declaration of such interests might be necessary and, if so, what advice you received

20

- Whether you are confident that your current registration is fully up-to-date and either the basis for that confidence or details of any further payments now requiring registration.

25

Any other points you may wish to make to help me with this inquiry would be most welcome.

30

I enclose a copy of the *Commissioner's Information Note*,³ which sets out the procedure I follow. I am writing to the complainant to let him know that I have decided to begin an inquiry into the registration of your financial interests. I will shortly update my parliamentary web pages to show the fact that I am conducting an inquiry into an allegation into this matter. My office will not comment further on any aspect of the inquiry. (They will, however, confirm that I have begun an inquiry if asked before this information is posted on my webpages and they will answer factual questions about the processes I follow and the standards system more generally.)

35

As you will be aware, my inquiries are conducted in private. This letter and any subsequent correspondence between us is protected by parliamentary privilege until such time as a final report is published. (Any such report will include all the relevant evidence, including our correspondence.) I would, therefore, ask that you respect that confidentiality.

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³ <http://www.parliament.uk/documents/pcfs/New%20Website%20Documents/PCS-Information-Note.pdf>

As a matter of courtesy, I should say now that I will make enquiries of the Registrar and/or other of the House Authorities in due course. If I do so, I will share that correspondence with you. While I do not, at this stage, know whether it will be necessary to interview you about this matter, it would be open to you to be accompanied at any such interview. I am, of course, very happy to meet with you at any stage if you would find that helpful.

I would appreciate your help and co-operation and welcome your comments on the allegation, together with any evidence you feel may assist my investigation, as soon as possible and no later than **8 April 2016**.

24 March 2016

3. Letter from Mr Zac Goldsmith MP to the Commissioner, 7 April 2016

I am happy to assist you with your inquiry and I welcome the opportunity to clarify the questions you have raised.

As you have acknowledged, I wrote to you on 5 June 2015 to correct the Register after it had emerged that errors were made. These related to donations to the Richmond Park Conservative Association which were properly and fully declared to the Electoral Commission in a timely manner, but which I had neglected to put on the Register.

My letter of 5 June sought to put that right and bring everything up to date.

I re-iterate my profuse apologies for this oversight. Then as now, I do not seek to make excuses for my error. I hope that, given all donations are always fully and properly declared to the Electoral Commission in accordance with electoral law and therefore have always been available for anyone to see, there can be no suggestion of impropriety.

Then as now, I can confirm that I have neither asked questions, nor raised issues in the House that could in any way be interpreted as being of any financial benefit to any donors.

Specific questions

What led you to register your shareholding in All Star Leisure Group on 5 June 2015 and why did you not register this interest within 28 days of it becoming registrable?

During the last Parliament, best estimates of the valuation of my holdings in All Star Leisure Group were consistently well below the threshold for registering.

Following dissolution and my return to the House in May 2015 the company was in the process of conducting a share buy back from the outgoing Managing Director. I took the view that as it looked likely that the share buy back could proceed, the value of each

share was likely to have increased to a point which took the value of my holding over the registration threshold.

5 Therefore, in the interests of openness and transparency I included this holding on the June 2015 update to the Register, back dating it to April 5 on the basis that valuations should be provided as at 5 April. In fact, the buy back was completed in July 2015 which confirmed that the holding was of registrable value.

10 *Whether you have considered registering the donation of £2,000 made by Mr Graeme Ferrero in November 2015 and, if you did so, and decided that it was not registrable, your reasons for reaching that conclusion?*

15 The donation in question was fully declared to the Electoral Commission in the proper way, in accordance with electoral law.

20 It was a donation to the Richmond Park Conservative Association "Patrons Club", a fundraising group that pre-dates my selection as the candidate, and subsequently my election as the Member of Parliament. This group exists to raise money for the general activities of the Association. I am not a member of this group, I do not participate in fundraising appeals and my name is not advertised at any events.

25 It was not "linked" to me personally, it was not invited or encouraged by me and it was not linked to my candidacy or membership of the House, and so I did not consider this to be registerable.

Review of declarations

30 I can confirm that the update to my Register and the rectification of earlier errors in my letter of 5 June 2015 is correct.

Advice from House authorities

35 I and my office ensure we are aware of the requirements at all times. Any areas of clarification are sought directly as required. We also discuss these issues with the Party's compliance department, who provide general advice to Conservative MPs based on previous discussions with the Registrar as to what is considered "linked".

Current registration

40 I can confirm that my current Register is up to date.

I hope this clarifies matters and I am very happy to assist with any further inquiries you wish to make.

45 **7 April 2016**

4. Letter from the Commissioner to the Registrar of Members' Financial Interests, 14 April 2016

5 I would like to ask for your advice on a matter concerning Mr Zac Goldsmith MP and the registration of his financial interests.

10 The allegation I am investigating is, in essence, that contrary to the rules of the House, Mr Goldsmith did not register a series of donations within the 28-day time-limit set by the House.

15 Mr Goldsmith wrote to me at the time he made those late registrations and explained that he had not been fully aware of the House's rules relating to donations linked to him but made via his party organisations. As you will be aware, I did not begin an inquiry on my own initiative at that time. I did, however, ask you to discuss with Mr Goldsmith the arrangements he would make to ensure that no further late registrations should occur.

20 I enclose a copy of the correspondence I have exchanged with Mr Goldsmith about this matter. As you will see, I asked Mr Goldsmith to provide some additional information about what appeared to be the late registration of his interest in *All Star Leisure Group* on 5 June 2015 and about one donation made to his party organisation and register on the Electoral Commission's website from Mr Graeme Ferrero.

In light of the information provided, it would be helpful to have:

- 25 • a copy of any correspondence and/or notes of meetings you have had with Mr Goldsmith about these matters;
- your advice on when you would have advised Mr Goldsmith to register his interest in *All Star Leisure Group*; and to know
- whether you would have advised Mr Goldsmith to register the donation from Mr Ferrero in the Register of Members' Financial Interests.

30

Any other comments you may wish to make would be most welcome. It would be very helpful to have your response to this letter within the next two weeks.

14 April 2016

35 5. Letter from the Registrar to the Commissioner, 5 May 2016

Thank you for your letter asking for my advice in relation to your investigation into Mr Zac Goldsmith MP.

40 **Late registration of donations**

As you know, after the General Election Mr Goldsmith wrote to you on 5 June 2015 to say that he had become aware that he had not registered all the donations he was required to in the last Parliament. The omissions related to donations made to his local

party but which were “linked” to him within the terms set out in the Guide to the Rules. Local party organisations have to report to the Electoral Commission donations which they receive. In addition, if their value exceeds the relevant financial threshold for the Register of Members’ Financial Interests, MPs have to register any such donations which were intended for their own fighting fund or other support, or where they had played a particular role in seeking the donation, or otherwise “linked” to them as set out in the guide to the Rules..

With his letter Mr Goldsmith sent a registration form giving details of all the donations which had been omitted from the Register. We also received the letter via an email from his office. The covering email also asked us to remove an entry relating to shares in company called Ecosystems which was dissolved on 13 January 2015. After we had obtained some missing dates, we finalised an amended Register entry for Mr Goldsmith on 22 June 2015, and this appeared in the first Register of the Parliament. I attach the correspondence relating to this entry.

If it comes to light that a Member has not been fully aware of the registration rules we normally check that there are no further omissions, and offer a briefing to them and their staff. In this case I checked that the donations which Mr Goldsmith had registered later had in fact been reported to the Electoral Commission where required. They had been reported. As part of our post-election follow-ups we also arranged a meeting with Mr Goldsmith and a member of his staff, who together came to our offices on 11 December 2015. During the meeting I took the opportunity to explain the relevant rules of the House including the rules on registering interests. I also established that from the information available, Mr Goldsmith had no other interests which required registration. Mr Goldsmith said that in future the staff member who was accompanying him would liaise with us about his Register entry. This arrangement was put into practice and has worked well since. We did not take a note of the meeting.

All-Star Leisure Group

You ask when we would have advised Mr Goldsmith to register his shares in All Star Leisure Group. Under the rules which applied in the last Parliament, Mr Goldsmith should have registered these shares if he held more than 15% of the company’s issued share capital; or (if the holding was less than this) if the value of his holding was more than the current parliamentary salary.⁴ A similar rule has applied since 7 May 2015, except that the financial threshold is now over £70,000.

Since (according to my understanding) Mr Goldsmith has not held more than 15% of the shares in this company, he should have registered his holding as soon as he became aware that its value exceeded the relevant financial threshold.

⁴ £65,738 in 2010. This rose to £66,396 in April 2012 and £67,060 in April 2013.

It can be difficult to assess the value of shares which are not currently being traded. Mr Goldsmith appears to have assessed the value of his shares as it stood on 5 April 2015. This would have been in accordance with the following advice in the 2009 Guide to the Rules:

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56. The value of a shareholding is determined by the market price of the share on the preceding 5 April; but if the market price cannot be ascertained (eg because the company is unquoted and there is no market in the shares), the Member should decide whether to register it on the basis of its estimated value. Interests in shareholdings include share options.

10

Mr Goldsmith registered these shares in June 2015, on the basis of their value in April. He would not of course have been able to register them in April 2015 as the House had already dissolved. I have not seen anything to suggest that the value of these shares exceeded the relevant thresholds before April 2015.

15

Donation from Mr Ferrero

On the basis of the information you have forwarded I would not have advised Mr Goldsmith to register the donation from Mr Ferrero. From Mr Goldsmith's description, it does not fall within the definition of a donation "linked" to an MP, and so did not require registration.

20

5 May 2016

6. Letter from the Commissioner to Mr Zac Goldsmith MP, 10 May 2016

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When I wrote to you on 14 April, I said that I would seek advice from the Registrar of Members' Financial Interests before making a decision on the allegations I am investigating. I enclose a copy of the Registrar's advice. In light of the information you have provided and the Registrar's advice, I believe I am now in a position to make a decision.

30

I explained in my letter of 24 March 2015 the timescales and the thresholds for the registration of 'sponsorships/donations' (Category 4 registrations under the 2009 rules) and for 'other support for activities as a Member of Parliament' (Category 2 registration under the 2015 rules). You have since acknowledged and apologised again for the late registrations which you made in June 2015, as well as providing some additional information about your registration of a shareholding in *All Star Leisure Group* and a donation from Mr Ferrero.

35

As you can see from the Registrar's letter of 5 May 2016, in light of the information you provided, she considers your registration of the shareholding in *All Star Leisure Group* to have been updated in accordance with the rules set out in the 2009 Guide to the Rules relating to the conduct of Members. The Registrar has also advised me that she would

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not, had you sought her advice, have advised you to register the donation from Mr Ferrero.

My decision

- 5 I accept the Registrar's advice. On the basis of the information you have provided, I am satisfied that you acted in accordance with the rules of the House in the registration of your interest in *All Star Leisure Group* and that the rules did not require the registration of the donation made by Mr Ferrero to your local association. The breaches of the rules I have identified all relate to the registrations made on 5 June 2015.
- 10 On 5 June 2015 you registered 22 items outside the 28-day time limit the House has set for the registration of Members' registrable interests. That is a clear breach of the paragraph 13 of the Code of Conduct and the rules associated with the registration of interests. The value of those 22 items, amounts to almost £119,000. The most overdue registration was almost four and a half years late, and the least overdue almost four
- 15 months outside the timescale the House has set.

Moving to resolution

- I need now to consider how best to resolve this matter. The number, value and length of time over which these late registrations occurred is significant. In other circumstances I might refer the matter to the Committee on Standards. However, I am conscious that
- 20 you had acknowledged and apologised for those breaches of the House's rules in June 2015, well before I received the complaint and that you have not made another late registration since you recognised your failure to abide by the House's rules.

- Taking those facts into account, if you were to accept my decision, I would be ready to consider resolving this matter through the rectification procedure. Under Standing
- 25 Order No 150, I am able to use this procedure without submitting a full and formal memorandum to the Committee on Standards. I would, instead, inform the Committee of the outcome and my decision letter, with all the relevant correspondence, would be published on my webpages in due course. (You have already seen all of the material which would be published.)

- 30 Under the rectification procedure, the Committee would normally expect the Member to have acknowledged their breach of the Code, apologised and taken any steps necessary to rectify the error. You have already acknowledged and apologised for your breach. You have received a personal briefing from the Registrar on the rules and the member of staff whom you have tasked with assisting you with your registrations has
- 35 also been briefed on the House's requirements. I consider those to be appropriate steps to avoid a recurrence, and I note that the Registrar reports that that system appears to have worked well over the past year.

- If you agree to a rectification, I would arrange for the relevant parts of your entry in the Register of Members' Financial Interests to be placed in italics for a period of twelve
- 40 months.

It would be very helpful if you could let me know by close of business on **24 May 2016** whether you would like me to rectify the complaint on the basis I have suggested. I

enclose a copy of the evidence which would be published on my webpages should you accept my decision.

10 May 2016