

Smear, Innuendo and Knowing Lie

Submission to the Press Council in the Case of Goldsmith V Gillard and The Observer

ON SUNDAY June 27, 1982 an article appeared in The Observer signed by Mr Michael Gillard and Ms Lorana Sullivan (Appendix 1) in which I was linked to a scandal which has since become known as the Calvi/Ambrosiano affair. On Sunday July 4, 1982 an article (Appendix 2) appeared in The Observer signed by Mr Michael Gillard in which my name was mentioned in connection with another financial scandal. On this occasion it concerned a company called Imperial Commodities. On Sunday November 28, 1982 an article (Appendix 3) was published in the Pendennis column of The Observer in which my name was indirectly associated with Mr John De Lorean.

I would ask you to consider the companies and people involved. Mr Roberto Calvi was Chief Executive of the Banco Ambrosiano Group in Italy. The Banco Ambrosiano was the subject of one of the most scandalous financial bankruptcies in contemporary history. Mr Calvi was found dead in London and there has been much speculation as to whether or not he was murdered.

Imperial Commodities was a commodity trading and speculation firm founded and run by a Mr Justin Frewen. It also went bankrupt and was the subject of a local British financial scandal.

Mr John De Lorean was a well-known senior executive in the General Motors Group who left General Motors and subsequently, with the financial backing of the British Government, founded the De Lorean Car Company in Northern Ireland. Here again there was a major financial scandal when the De Lorean company crashed and this was followed by an even greater scandal when Mr De Lorean was arrested in Los Angeles. He is to stand trial for dealing in cocaine.

On reading these articles one must ask the following questions:

1. Was James Goldsmith connected with the Banco Ambrosiano, Imperial Commodities or De Lorean scandals and therefore was this responsible and accurate journalism?
2. If not, did the journalists who wrote the articles contrive excuses to bring James Goldsmith's name into these articles so as to smear him by association and innuendo? In the process did they knowingly lie?
3. If so, has there been a previous pattern of similar behaviour by Mr Michael Gillard and his associates to smear James Goldsmith by association and innuendo and does Mr Michael Gillard have any personal or ideological motivation so to do?

These are the three questions that I shall attempt to answer.

A. The Calvi/Ambrosiano Affair

In The Observer article Mr Gillard wrote:

'South America also brought the Calvi controlled Credito Varesino into a deal with another Hambros client, Sir James Goldsmith. The Calvi Bank's chairman Antonio Tonello joined the board of Basic Resources International in 1979 at the time that Goldsmith moved into the Guatemalan oil producer. Tonello's appearance was attributed to Credito Varesino's involvement in a syndicate of European banks who re-financed Basic Resources. Tonello left during 1980.'

The facts are that Tonello did not join the board of Basic Resources in 1979. He joined on September 27, 1975. He did not join the board at the time that 'Goldsmith moved into the

Guatemalan oil producer'. I joined the board about three and a half years later on January 31, 1979. His appearance was not attributed to Credito Varesino's involvement in a syndicate of European banks which re-financed Basic Resources'. The Credito Varesino was not part of the syndicate.

Mr Antonio Tonello was elected to the board of Basic Resources when he was chairman of the Italian banking subsidiary of the Bank of America, the Banca d'America e d'Italia, which was one of Basic Resources' joint stock bankers. The Bank of America is one of the largest and most reputable banks in the world. It has nothing to do with the Banco Ambrosiano. At that time I had no connection whatsoever with Basic Resources. More than three years later Banque Occidentale which was controlled by my Group, Generale Occidentale, and which was owned jointly with the large French national bank, Credit Lyonnais, agreed to lead a syndicate underwriting the issue of a convertible loan stock by Basic Resources. That was the reason for my joining the board. Subsequently on June 30, 1980 I was invited to become chairman of the board. Immediately prior to my becoming chairman Mr Tonello left the board. Far from joining the company with me, Mr Tonello in fact left the company just prior to my becoming chairman.

So to recapitulate:

- Antonio Tonello did not 'join the board of Basic Resources International in 1979 at the time that Goldsmith moved in'.
- He did not join the board because of his role in Credito Varesino.
- Credito Varesino was not involved in a syndicate of European banks which re-financed Basic Resources.
- And in fact Mr Tonello left the board of Basic Resources immediately prior to my becoming chairman of that company.

For the record, I confirm that I have never had any dealings with Banco Ambrosiano and that I have never met nor had any contacts with Mr Calvi.

The question should now be asked whether Mr Gillard made a bona fide mistake or whether he knowingly lied.

There is conclusive evidence in this respect.

As witnessed by the Canadian counsel of Basic Resources, Messrs. Blake, Cassels and Graydon in a telex (Appendix 4) the relevant facts were properly and publicly reported to the Toronto Stock Exchange.

Furthermore the journal Private Eye had on a number of occasions linked my name with the Calvi scandal (June 5, 1981, August 28, 1981 and July 2, 1982). As a result I had instituted an action for libel against Private Eye. In this respect The Observer in their written defence state:

'However Mr Gillard is not the author of the article referred to in this writ' (i.e. the article that is the subject of the outstanding litigation with Private Eye).

But it is well-known that Mr Gillard runs the column known as 'Slicker' in Private Eye in which the offending article was published. In the authorised history of Private Eye written by one of their journalists Mr Patrick Marnham published in 1982 ('The Private Eye Story' Andre Deutsch) the author writes: 'Michael Gillard was first introduced to the Eye in 1969 when he was working on the City desk of the Daily Express (page 134) .

Mr Gillard is quoted as saying: 'My strength is in detail, a crushing weight of detail. ... The column is aimed at professional readers'. (Page 135). Mr Paul Foot, the far left journalist

and a key figure in the development of Private Eye, is quoted as saying that Mr Gillard is 'one of the great phenomena of Private Eye. The level of his accuracy is uncanny'. (Page 136). On the same page Mr Gillard is given credit for the 'high reputation of "In the City" " the section which includes the 'Slicker' column.

The article complained of in Private Eye was dated August 28, 1981 (Appendix 5) and the libel action was initiated by Messrs. Allen and Overy on my behalf on September 16, 1981 (Appendix 6). These antedate The Observer article by ten months. It would be grotesque to suggest that Mr Gillard was not fully cognizant of this information.

If one is to believe Mr Paul Foot's statement that 'his accuracy is uncanny' and Mr Gillard's own claim that his 'strength is in detail, a crushing weight of detail', then there is only one conclusion - Mr Gillard knowingly lied in this article in The Observer.

The gravity of Mr Gillard's article in The Observer can be illustrated by the two paragraphs which immediately follow his reference to me.

'While inquiries proceed in Italy to discover the answers regarding the missing \$800 million, the City Police are still investigating Calvi's bizarre death on June 18, 24 hours after his secretary leapt to her death.

The curious circumstances of Calvi's presence in London, the unusual style and site of his death and the mystery surrounding where he stayed and who he saw in London have encouraged intense speculation in Italy that Calvi did not commit suicide but was murdered.'

B. Imperial Commodities

Mr Gillard writes in his article in The Observer 'The Department of Trade has begun an investigation into Imperial Commodities, the City commodity brokers run by 23 year old business prodigy Justin Frewen. The unannounced investigation by the DOT, using its powers under Section 109 of the Companies Act 1967, was launched last month. This follows the submission of a report by the City of London Fraud Squad.' He goes on to say 'Imperial Commodities was formed in July 1980 by Justin Frewen, whose uncle is Viscount Selby. The initial directors were the flamboyant and totally bald Frewen and his friend and fellow old Etonian Robin Birley, a son of Mark Birley and Lady Annabel Goldsmith. At that time Frewen gave his address as Ormeley Cottage, adjacent to Ormeley Lodge, the Surrey home of Sir James Goldsmith on Ham Common.'

The facts are that Mr Frewen who is 23 is a school friend of my wife's son by a former marriage, Robin Birley. Robin Birley had the use of a cottage near my home and on occasions he invited Mr Frewen to stay with him. I have not spoken to Mr Frewen for several years. I have had no connection whatsoever with Imperial Commodities. I was neither an investor, nor an advisor nor a client of that company and never had any contact with it. In its written defence The Observer suggests that:

'Mr Frewen has stated on a number of occasions that the complainant (i.e. James Goldsmith) is both his unofficial godfather and his mentor as well as a client of Imperial Commodities. The last two claims are corroborated by reference in the New Standard and the Investors Chronicle.' (Appendix 7)

In fact the article referred to in the Investors Chronicle appeared on September 24, 1982 and merely referred to a communication they had received from a reader who had been misled by the New Standard. This reader had written to the Investors Chronicle saying 'The New Standard had given him (i.e. Mr Frewen) a great write-up about how successful he was and saying his mentor was James Goldsmith'. So the Investors Chronicle article can be disregarded as it refers to the New Standard article. The relevant reference in the article in the New Standard refers to the fact that Private Eye had attacked Mr Frewen. The

journalist went on to say 'like his mentor Sir James Goldsmith, a litigation against Private Eye would cause Frewen no loss of sleep'. My views on litigation with Private Eye are well-known. But perhaps, this young man also admires Professor Asa Briggs, Chancellor of the Open University, Yet this would not justify associating the Professor's name with a Fraud Squad inquiry with which he has no connection. As for being Mr Frewen's unofficial godfather, I never met him until he had become an adult.

The Observer's further written defence is that Mr Frewen had met friends of mine e.g. Mr Jim Slater and Mr Ralph Fields and 'the latter became a client'. It is likely that if you analyse the list of clients of any City firm, among them will be a number of people whom I know or indeed whom you know.

But, after all that, what is breathtaking is that a simple inspection of the public records of the company shows that Robin Birley was never even a director of Imperial Commodities. So much for Mr Gillard's 'uncanny accuracy'.

The justification suggested by The Observer for including my name in an article about a financial scandal being investigated by the Fraud Squad is so absurdly contrived and artificial that it serves only to confirm the desire to smear by association and innuendo.

Need I add that sometime before, a similar article appeared in Private Eye.

Before closing this incident I would like to recall an article written by Sir William Rees-Mogg prior to leaving the editorship of The Times (October 23, 1980). 'No Editor of The Times is for a moment unaware of the English traditions that have made the paper. ... We have what is known as "the Admiral's nephew" rule, which lays down that if the Admiral's nephew is sent to prison for selling adulterated whisky, we write the story about him and not about the Admiral.'

C. Mr De Lorean

On November 28, 1982 The Observer wrote an article suggesting that 'The Sunday Times had prepared a series of articles on Sir James' business career, which have been cleared by the paper's lawyers. But the articles haven't appeared, and for reasons which people are far too embarrassed and ashamed to go into, the decision on whether they ever will be has passed right out of the editor's hands into those of the proprietor. ... But it is worth remembering that Mr Murdoch personally removed a story from The News of the World about his neighbour, John De Lorean'.

The innuendo is quite obvious - an article about me would be similar in character, quality and revelation to an article about Mr De Lorean.

I remind you that Mr De Lorean was at the centre of a major financial scandal and subsequently was arrested to be tried for dealing in cocaine. It is not without interest that The Sunday Times articles referred to were written by Mr Charles Raw a journalist who is known to co-operate on occasion with and to admire Mr Michael Gillard. Indeed on July 20, 1979 following the jury's decision in the Gillard versus Goldsmith case, to which I will refer later, Mr Charles Raw was among a number of journalists who signed a letter saying 'we have always found him (i. e. Mr Gillard) a journalist of the very highest integrity'. Need I add that a similar article was published in Private Eye (December 17, 1982).

Furthermore I confirm that I have never met nor had any dealings with Mr John De Lorean.

I submit that the facts described above unequivocally answer the first fundamental question that I suggested that we should consider. Was I connected with the Banco Ambrosiano, Imperial Commodities or De Lorean scandals? No. Was this responsible and accurate journalism? No.

I will therefore move on to the second fundamental question. Did the journalists contrive excuses to bring James Goldsmith's name into the articles so as to smear him by

association and innuendo and in the process did they knowingly lie? From the facts described above there can only be one answer - yes.

My third fundamental question is whether there has been a previous pattern of similar behaviour by Mr Michael Gillard and his associates to smear James Goldsmith by association and innuendo and docs Mr Gillard have personal or ideological reasons so to do? On reviewing Mr Gillard's column in Private Eye I find a number of such examples. The best example is an article signed by Slicker which appeared in Private Eye on January 9, 1976 (Appendix 8). It reads as follows:

'A little known fact about Jimmy Goldsmith, currently manifestly sagging under the burden of being 'Mr Clean' at Slater Walker, is that he shares an intriguing link with T. Dan Smith, now serving a long prison sentence for helping John Poulson corrupt various North East Councillors. The link takes the form of solicitor Eric Levine ...'

Here again the subject is a major financial scandal. Both Mr T. Dan Smith and Mr John Poulson were in prison. I had never met either Mr T. Dan Smith nor Mr John Poulson. I have never had any dealings with either of them directly or indirectly. However the solicitor who acted for me had at one time acted, years earlier, for one of them. That was the excuse used to smear my name and to associate it with a major scandal and with two men who were in prison and with whom I had never had any contact. The pattern is clearly established.

I have explained the situation to you by analysing the facts. I would now like you to bear with me while I approach the matter from a totally different angle. As you know, you can blacken a person's name by continually associating it with scandal. We all know the popular adages 'No smoke without fire' and 'Mud sticks'. So let me ask you this question. Could it possibly be a coincidence that the same journal, journalists or group of journalists should associate, by bona fide mistake, anyone person with Calvi, Banco Ambrosiano, Imperial Commodities, De Lorean, T. Dan Smith and John Poulson? In other words with fraud, suspected murder, bankruptcies, dealing in cocaine and corruption of public servants? And do so either on the basis of knowing lies or with the use of patently dishonest artifices such as stating that he had a friend who was a client of a broking firm, or that someone had visited a house near his, or that he had an in-law who had known someone at school, or that at one time his lawyer had acted for someone else who ... or that he was a client of a large bank which had once employed a man who had then moved to work for another large bank which etc. etc.

The answer is obvious. This has been a planned campaign of disinformation and denigration based on smear, innuendo and knowing lie, carried out systematically by Mr Gillard, his friends and his associates.

I will now turn to the question of personal motivation. In their written defence The Observer have stated to you that 'you (the Press Council) will be aware of the history of ill-feeling and litigation between the complainant (i.e. James Goldsmith) and Mr Gillard; indeed Mr Gillard successfully complained to the Council in 1980 (Press Council news release Q7508/1274)'. Yes on this occasion The Observer is right. You did find for Mr Gillard. May I remind you that it was on that occasion that Mr Gillard complained because I had written that Mr Ingrams, the Editor of Private Eye, had not mentioned in his book that 'Mr Michael Gillard had been on Lonrho's payroll'. Mr Gillard stated that he had never been on the payroll of Lonrho or received any money from anyone connected with Lonrho. It is an irony, is it not, that today Mr Gillard appears before you as an employee of the Lonrho Group.

For my part I must draw your attention to the following personal motivation. I once described Mr Michael Gillard as a blackmailer. Mr Gillard sued me for slander and libel. The case was heard before a jury. After a lengthy hearing of the evidence, the jury concluded that I was justified in describing Mr Gillard as a blackmailer. The jury's decision

was unanimous. The case then went to the Court of Appeal and to the House of Lords. The judges in both these courts unanimously maintained the jury's verdict.

To conclude I would like to quote from the judgement of Lord Denning, then the Master of the Rolls, in the case of Michael Gillard versus James Michael Goldsmith on January 19, 1981.

'The question arose' said Lord Denning 'what were Private Eye to do in the face of these vigorous proceedings by Sir James Goldsmith? What was Michael Gillard to do? He was named as the writer of two of the articles. I am afraid' Lord Denning continued 'on the material before us - Private Eye seem to have adopted a course like that which is the subject of a legal anecdote. When one partner had to leave a case to his junior and go away from it he left a note: "No case. Abuse the other side's attorney." It appears' said Lord Denning 'that Private Eye and Michael Gillard decided that it would be desirable - if they could - to find out something discreditable about Sir James' solicitor Mr Eric Levine, and to use that as a lever to promote a settlement.' Lord Denning went on to say 'As is said in the papers, "a lateral attack might offer a good trading position" '.

The case before you, Ladies and Gentlemen, is not dissimilar. Mr Gillard once again has resorted to the lateral attack - smear by association, innuendo and knowing lie.

Lord Denning's subsequent statement in his judgement is of particular importance to the Ladies and Gentlemen of the Press Council. Lord Denning stated:

'The question before this court is whether, on the material which I have summarised as best I can before you, it could properly be inferred by the jury that Mr Gillard was guilty of blackmail. I ought to pause at this moment to say that the judge in his summing-up stated quite fairly and fully the burden of proof on a plea of justification. He stated fairly and fully the considerable degree of proof when allegation is of such a serious nature as blackmail. He said in accordance with the ruling of this court in *Hornal v. Neuberger* (1957) 1 Queen's Bench 247 that "if it is a very serious charge that is made ... a high degree of probability is needed; the more serious the allegation the higher the degree of probability that is required ... where a very serious accusation is made the proof must be correspondingly convincing".

That is fully in accord with the ruling of this court in *Hornal v. Neuberger*' Lord Denning concluded 'and no exception is made here'.

'A very serious accusation' 'Of such, a serious nature as blackmail' 'Proof must be correspondingly convincing' 'No exception is made here'. These are grave words indeed. Nonetheless the far left television programme 'World in Action' of Granada Television continued to employ Mr Gillard as a journalist. The publication Private Eye also did so. And, after it came under the control of Lonrho, The Observer engaged Mr Gillard as a journalist.

What honourable profession other than journalism would have the arrogance, the cynicism and the feeling of unnatural protection needed to employ men such as these? I remind you that it is the stated duty of the Press Council to uphold the highest standards of professionalism and integrity in the press. I submit to you that the record that I have described today is wholly incompatible with such standards in any profession.

Ladies and Gentlemen of the Press Council, this case is important not because it affects an individual- although every individual has a right to justice. It is useful because it is an illustration of a small part of the mechanism used to orchestrate a campaign of disinformation. Such campaigns are usually ideological in nature and aimed at subjects of true importance great political issues and personalities with real influence on our national future. This is how the malignant minority within the press exploits and turns against us all, that freedom which is a fundament of our democracy - the freedom of expression. I have written this statement so that you will each have a copy with the set of exhibits. If you agree with the facts then I recommend that a suitable remedy would be to instruct The Observer to publish the statement in extenso. This would have the double advantage of a just punishment for The Observer and providing a most important education to the public.