

## **PART H**

### **18. CONCLUSIONS ON CORRUPTION**

#### **i) Introduction**

- 18.1 We find no evidence of corruption in the ordinary sense of corrupt payments, gifts or other considerations, in relation to the development at Mount Murray.
- 18.2 In section 6 of this report we have referred in detail to the approach which we have taken to the allegations of corruption. We draw attention back to that section, and especially to certain parts of it. We have set out in some detail the arguments which were put to Tynwald by Mr Karran and summarise that briefly at 6.12 saying that, in a nutshell, what Mr Karran had said was that the events had been most bizarre, that it wasn't known what did happen, but that they were so bizarre that people even suspected corruption; he went on to ask "let us investigate all this in the interests of open, honest and competent government."<sup>1</sup>
- 18.3 Amongst other matters we drew particular attention to what Mr Karran said about the Planning Committee members. We find it appropriate that we should refer to it again in these conclusions. What he said was that he was quite sure that there was no doubt that the Planning Committee did nothing which would be described as being corrupt.<sup>2</sup> We agree with that statement.
- 18.4 Moving from Mr Karran's arguments in Tynwald, we refer back briefly to what we have reported was said by Members on the 19<sup>th</sup> March 2002.<sup>3</sup> It is clear that Tynwald wished to have conclusions on the matters as put by Mr Karran and as they have been interpreted by Members of Tynwald which includes, of course, consideration of suspicions of corruption in its normally understood meaning. Furthermore the resolution of 19<sup>th</sup> March 2002 specifically required us to look into allegations of corruption. We have therefore done so. We provide clear conclusions on both aspects, that is failures of the government systems and corruption in its ordinary sense of the term.
- 18.5 As was clearly required from the debate in Tynwald, we asked Mr Karran to clarify his contentions. We have identified earlier,<sup>4</sup> that he said that he was making allegations of maladministration, saying that that would be classified as a corrupt act. He gave no evidence of corruption in its ordinary sense and it was not to be expected that he would be able to do so; he had referred in Tynwald debates only to the maladministration which he claimed being of such a quality that it raised the suspicion of such corruption having occurred.

#### **ii) Evidence**

- 18.6 Although Mr Karran provided no evidence of corruption to us in its ordinarily understood sense, he had referred to the suspicions, and the resolution required us to look at this issue. We therefore have considered evidence as summarised below, and have reached conclusions on this evidence with regard to this meaning of the term, and we consider this aspect of corruption first.

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<sup>1</sup> Paragraph 6.12

<sup>2</sup> Paragraph 6.16

<sup>3</sup> Paragraph 6.17

<sup>4</sup> Paragraph 6.19

- 18.7 Professor Crow's Report refers to a visit to the United States by Mr Bell, Mr Toohey, Mr Mitchell and Mr Vannan. In his report at paragraph 1.41, Professor Crow also referred to charges of corruption. We asked Professor Crow about these allegations and he explained them to us.<sup>5</sup> There were apparently two aspects of this, one of which self evidently amounted to nothing at all and need not be considered further, and the other was the visit to the United States. Professor Crow found there to be no impropriety here and we have reached the same conclusion. We have been in direct communication with Radisson on a number of matters and the trip to the United States has been explained by them.<sup>6</sup> There is no evidence of impropriety in this regard.
- 18.8 We next considered it appropriate to pursue investigations with due proportionality to the nature of the allegations as they had been put and interpreted in Tynwald and in evidence to us, and taking due account of the absence of other evidence relating to such corruption.
- 18.9 We therefore looked at those who appeared to us to be closest to the executive actions in the Mount Murray events. These were Mr Spence acting for the developer, Mr Mitchell an executive of the Department of Tourism, Mr Savage Chief Executive of the Department of Local Government and the Environment, and Mr Vannan Architect/Planning Officer whom, as we have seen, were directly involved in taking matters to Committee and in the various correspondence.
- 18.10 We sought to trace Mr Spence and to contact him in order to have evidence from him but we were not able to contact him. As already explained,<sup>7</sup> Mr Mitchell was not able to give evidence because of ill health. We were, with the full co-operation of the late Mr Savage's family, able to investigate his financial affairs. This satisfied us completely that there was no financial impropriety or corruption in that sense on the part of Mr Savage. We are grateful to his family for their full co-operation on this matter.
- 18.11 We also sought to investigate the financial affairs of Mr Vannan. This was much more difficult. Although Mr Vannan purported to co-operate with the Commission on this matter he failed to respond to summonses, and failed to co-operate with chartered accountants whom the Commission had appointed to assist him, as well as the Commission, in providing relevant information to the Commission. As a consequence Mr Vannan's failure to comply with the summonses was certified to the High Court for whatever action the court considered appropriate in all the circumstances.
- 18.12 While this absence of co-operation was regrettable and unexplained, it is not a matter which, in itself, can or does lead to the conclusion that there was financial impropriety on Mr Vannan's part. There is no other evidence which does indicate such impropriety, the findings in respect of Mr Savage are a contra indication with regard to Mr Vannan, and the failures of Mr Vannan himself were the consequence of pressures to which he succumbed, as we have explained elsewhere.<sup>8</sup> In themselves, such pressures are in fact inconsistent with corruption in the sense of monetary or other gifts for wrong doing, because the pressure might be thought to have been unnecessary if he had been accepting such things in return for embarking on the course of action which he did.

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<sup>5</sup> Evidence of Professor Crow P11 Notes Day 6 pages 12 - 13

<sup>6</sup> Letter Carlson Hospitality Worldwide 14.10.2002

<sup>7</sup> Paragraph 11.137

<sup>8</sup> Paragraph 17.38

18.13 We then considered the numerous decisions or actions which had been invariably favourable to the developer.<sup>9</sup> We are quite satisfied that this in itself does not indicate that there was corruption in the normal sense of the term. We find it rather to be an example of the way in which the system had been corrupted or maladministered so that the pressures being applied consistently resulted in decisions which were favouring the developers.

18.14 With regard to the corruption of the system of government, in the sense put forward by Mr Karran and Mr Quine, we have sufficiently set out our conclusions on those matters, particularly in section 17 to the effect that the systems of government failed. There is no need to refer to them here in any further detail beyond that reference.

iii) **Summary Conclusion**

18.15 Accordingly, we conclude that there was corruption of the system of government in the sense that it failed to withstand pressure determinedly applied to it by experienced developers, it failed to protect the planning system from excessive internal pressure, both political and professional, and it failed to detect officers who were condoning or activating wrong doing. Mr Karran's complaint was rooted in corruption of the system and that complaint has been made good. Equally clearly we find that there was no evidence of corruption in the ordinary sense of corrupt payments, gifts or other considerations and therefore the suspicions and consequential smears in this regard can be dispelled.

End of Section 18

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<sup>9</sup> Sub-section 17 (xiii)

