

Investigation into payments made to Better for the Country and Leave.EU | Electoral Commission Search Investigation into payments made to Better for the Country and Leave.EU You are in the Investigations section Home Investigations On this page Summary Our investigation Potential criminal offences Referral to the National Crime Agency First published: 1 November 2018 Last updated: 29 April 2020 Overview We have completed our current investigation into certain payments made to Better for the Country Limited (BFTC) and Leave.EU Group Limited (Leave.EU). These payments were for the purposes of meeting expenses incurred by BFTC (including on behalf of Leave.EU) in the 2016 EU Referendum. The Commission has reasonable grounds to suspect a number of criminal offences and have referred the matter to the National Crime Agency (NCA). Update – 29 April 2020 The National Crime Agency, after its own investigation, has (i) concluded that there is no evidence that any criminal offences have been committed under PPERA or company law by any of the individuals or organisations referred to it by the Electoral Commission; and (ii) has stated that it has not received any evidence to suggest that Mr Banks and his companies received funding from any third party to fund the loans subject to the investigation, or that Mr Banks acted as an agent on behalf of a third party. The Electoral Commission accepts these conclusions. Read the NCA's decision . Summary A total of £8m in funding was provided to BFTC and Leave.EU to be available for paying expenses incurred by one or other of them in the EU Referendum. This included £6m provided to Leave.EU (paid on its behalf to BFTC to use for Leave.EU's referendum spending), and £2m provided to BFTC. BFTC used this money to spend at least £2.9m in the regulated campaign period for the 2016 EU Referendum, either by making donations to other campaigners, or by other spending. Leave.EU told us that Arron Banks was the only other party to the £6m loans, and that the moneys were loans from him. BFTC told us it was funded by Mr Banks and his group of insurance companies and that Mr Banks was the source for the other £2m. Following an investigation we launched on 1 November 2017, we have reasonable grounds to suspect that: Mr Banks was not the true source of the £8m reported as loans The parties to the financial transactions that led to the £8m being paid into BFTC's bank account included a non-qualifying or impermissible company, Rock Holding Limited, which was incorporated in the Isle of Man Leave.EU, Elizabeth Bilney (the responsible person for Leave.EU), BFTC, Mr Banks, and possibly others, concealed the true details of these financial transactions, including from us, and also did so by knowingly making statutory returns/reports which were incomplete and inaccurate, or false Various criminal offences may have been committed We have referred this matter to the NCA, for it to take forward. We will liaise with the NCA to provide whatever assistance it may require. This report outlines the basis our referral to the NCA. As this is now a criminal investigation, only limited information can, at this stage, be made public about the evidence we hold, our analysis and the potential offences that may have been committed. Our investigation BFTC was set up in May 2015. It was not a registered campaigner in the EU referendum, but it ran Leave.EU's campaign on its behalf, received £6m on behalf of Leave.EU, and paid Leave.EU's referendum expenses. It also received £2m to use for referendum spending. This funding, a total of £8m, was provided to Leave.EU and BFTC in late 2015 and early 2016. Leave.EU reported Arron Banks as the only source of its £6m. BFTC told us that Mr Banks and his insurance companies had made a loan to it of £2m for the referendum. BFTC gave some £2.2m to other campaigners, which were reported as donations. It spent at least £750,000 on campaign payments on behalf of Leave.EU. As a result of ongoing regulatory work we announced an investigation into BFTC and Mr Banks on 1 November 2017. This looked at whether Mr Banks was the true

source of the loans and whether BFTC was the true source of the donations made by it to others. The law is that loans and donations to registered campaigners can only come from certain permissible sources, which essentially excludes overseas or foreign funding from any consequent impermissible influence on the outcome of the EU Referendum. Further investigation information The entities we looked at During the investigation we looked at a number of companies, including the following: Better for the Country Limited (company number 0969018): BFTC was incorporated in the UK in May 2015, and registered at Lysander House in Bristol. Mr Arron Banks is listed at Companies House as a person with significant control of the company. Both Mr Banks and Ms Bilney were at the relevant time directors of BFTC, and were under a duty to ensure that it complied with the law. Leave.EU Group Limited (company number 09763501): Leave.EU was incorporated in the UK in September 2015, and registered at Lysander House in Bristol. Mr Arron Banks is listed at Companies House as a person with significant control of the company. Leave.EU registered as a permitted participant (registered campaigner) for the 2016 EU Referendum in February 2016. Its registered responsible person for the EU Referendum was Ms Bilney, and was under a duty to ensure that Leave.EU complied with the law. Rock Services Limited (company number 05960676): Rock Services was incorporated in the UK in October 2006, and registered at Lysander House in Bristol. Mr Arron Banks is listed at Companies House as a person with significant control of the company. Rock Holdings Limited: Rock Holdings is a company incorporated in the Isle of Man and is the parent company of Rock Services. Mr Banks is a majority shareholder of Rock Holdings. As it is not a UK entity, and does not carry on business here, Rock Holdings could not lawfully make any donation or be a party to any loan to Leave.EU. We also obtained information for our investigation from Mr Banks. As part of its required financial reporting for the EU Referendum, Leave.EU reported that Mr Banks had loaned it £6m. In our recent investigation into Leave.EU [\[link\]](#) we concluded that Leave.EU was wrong to report Mr Banks as the only party to those loans. We also received information from five registered campaigners for the EU Referendum. These five campaigners each reported receiving donations from BFTC during the referendum campaign. These were: Grassroots Out Limited, which reported a donation from BFTC of £1,952,375 Trades Unionists Against the EU, which reported donations from BFTC of £54,000 UK Independence Party, which reported donations from BFTC of £99,468 Veterans for Britain, which reported a donation from BFTC of £50,000 WAG TV, which reported a donation from BFTC of £50,000 What our investigation looked at We looked at whether Mr Banks was the true source of loans reported by Leave.EU and BFTC as coming from him, and whether there were any individuals or entities involved in those loan arrangements who/which were non-qualifying or not permitted under the Political Parties, Elections and Referendums Act 2000 (PPERA) as amended by the European Union Referendum Act 2015 (EURA). We also looked at whether BFTC was the true source of donations reported by referendum campaigners as coming from it, and what steps the recipients took to verify the donor was permissible. PERA sets out the law on donations and loans (referred to in the Act as 'regulated transactions') made to registered campaigners for the EU Referendum. The relevant legal provisions include the following: A donation means any gift of money to a registered campaigner, or the provision to it of a credit facility, or other property (or any sponsorship, payment of subscriptions or fees, or money spent on paying any expenses of a campaigner or the provision of property, services or facilities other than on commercial terms). Only amounts above £500 are viewed as donations under PERA Broadly speaking, permissible donors for the EU Referendum had to be either an individual on the electoral register in the UK, or a

company or other entity from within the UK or Gibraltar (and carrying on business there) A loan is any amount over £500, and which is an arrangement between a registered campaigner and another person by which the other person makes a loan of money to the registered campaigner for the use or benefit of meeting referendum expenses incurred by that campaigner. Registered campaigners cannot be a party to, or gain any benefit from, a loan if a person or entity who is 'non-qualifying' is also a party to that loan. Qualifying persons for the EU Referendum were, broadly, an individual on the electoral register or a company or other entity from within the UK or Gibraltar. PPERA sets out a number of offences about where a registered campaigner does not comply with the law on donations and loans. These include offences of: Facilitating (or being a party to) a loan arrangement involving a non-qualifying person as a party to the arrangement Failing to return impermissible donations within 30 days of receipt Evading the statutory restrictions on donations Making a return to us (including disclosing details of any relevant financial transactions) which is not complete and accurate, or is false Where you can find more information You can find the register of permitted participants (registered campaigners) for the EU Referendum, by looking at our online database of political parties, campaigners and political finance . Using the same database you can find details of all loans, donations and spending reported by those campaigners. You can find PPERA and EURA on the government's legislation website . The provisions governing donations are in Parts IV and VII, and Schedules 15 and 15A of PPERA, and in Schedule 1 of EURA. The provisions governing loans are in Schedule 15A of PPERA. Potential criminal offences From the evidence we gathered, we have reasonable grounds to suspect that a number of offences may have been committed. These relate to the financial transactions which led to the £8m being paid into BFTC's bank account. Mr Banks and Ms Bilney (and through them BFTC and Leave.EU) gave us unsatisfactory explanations about these transactions, and we have reasonable grounds to suspect that they knowingly concealed and sought to conceal the true circumstances. We also have reasonable grounds to suspect that a non-qualifying or impermissible person or body, Rock Holdings (incorporated in the Isle of Man), was a party to the relevant transactions. Further information about potential criminal offences Overview of our concerns The source of the £8m funding for BFTC We looked at the financial transactions that led to £8m being paid into BFTC's bank account, including analysing information concerning the various bank accounts involved. While Mr Banks was originally reported as the source of the funds, in responding to our investigation both he and Ms Bilney told us that the money came from the UK-generated funds of Rock Services. Ms Bilney also said that no undisclosed third party or foreign entity had provided funding to Mr Banks, BFTC or Leave.EU. However, she later told us that although Mr Banks was the source of the £8m, the money was in turn provided to Mr Banks by a shareholder loan. This loan, Ms Bilney said, was made to Mr Banks by Rock Services in the amount of £8m, but was not recorded in Rock Services' company accounts, and was instead recorded in Rock Holdings' company accounts even though Rock Holdings had nothing to do with the loan of £8m. In our analysis, Rock Services' then and historic profits were not sufficient to enable it to have funded the £8m. We have reasonable grounds to suspect that: Rock Services did not fund the payments of £8m it is said it made to BFTC from its UK-generated income Rock Holdings was a party to the relevant financial agreements and transactions, and to the loans For the purposes of PPERA, Rock Holdings, as a company registered in the Isle of Man, was a non-qualifying person. Registered campaigners in the EU Referendum were prohibited from accepting any loans from it, and from entering into any relevant financial transaction with it which did not comply with the

relevant legislation. Concealment of other parties to the transactions BFTC and Leave.EU each provided us with various documents associated with the four loans they said were received from Mr Banks (one direct to BFTC and three to BFTC on behalf of Leave.EU). This material included loan agreements and deeds of variations. All the documentation reported Mr Banks as the only party to the transactions with, respectively, Leave.EU and BFTC. Leave.EU reported its three loans to us during the EU Referendum campaign as being from Mr Banks. In a previous investigation into Leave.EU, we concluded that this was not accurate, as at least Rock Services was also a party to the loans. During the present investigation, Ms Bilney told us that the parties to these loans were Mr Banks, Rock Services, BFTC and Leave.EU. We have reasonable grounds to suspect that the transactions, and the returns/reports made to us (and required) under the legislation, were designed to conceal the use of prohibited funds for campaigning in the EU Referendum. The evidence we looked at We asked BFTC, Rock Services, Mr Banks and Leave.EU for information, and had exchanges of letters and emails with them to obtain more information, and to clarify responses. We asked those campaigners who reported donations from BFTC for information, and received information from them all. We obtained information from Companies House in the UK and in Gibraltar. By using our legal powers under Schedule 19 paragraph 3 of PPERA, we obtained copies of bank account statements for various accounts held by Mr Banks, BFTC, Rock Services and Leave.EU. Referral to the National Crime Agency We have reasonable grounds to suspect a number of offences under electoral law may have been committed. Further offences are not within the regulatory remit of the Commission. For those offences where we may impose civil sanctions, our sanctions are limited at £20,000. The sums of money involved in these matters are significant. The relevant funding amounted to £8m, which included loans of £6m to Leave.EU, a registered campaigner in the EU Referendum. BFTC was loaned £2m, and put at least £2.9m into the referendum campaign. The financial transactions we have investigated include companies incorporated in Gibraltar and the Isle of Man. These jurisdictions are beyond the reach of the Electoral Commission for the purpose of obtaining information for use in criminal investigations or proceedings. Having considered these and other factors, the Commission, having completed its current investigation, has referred this matter to the NCA. Roles and responsibilities Related content about our enforcement work Electoral law is out of date. Find out where we want to see improvements Political parties, campaigners and other groups have to report their finances to us. Find out about campaign spending, donations and loans and annual accounts.