

UNLOCK  
DEMOCRACY

# HOW TO BE A DODGY PARTY DONOR



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Unlock Democracy exists to put power in the hands of the people.

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**TOP  
SECRET**

# WHY BECOME A DODGY PARTY DONOR?

**Rub shoulders with the the most powerful men and women in the country** — For a mere £50,000 a year you can join the exclusive Conservative Party ‘Leader’s Group’. According to the website “Members are invited to join Theresa May and other senior figures from the Conservative Party at dinners, post-PMQ lunches, drinks receptions, election result events and important campaign launches.”<sup>1</sup> You’ll have all the boasting rights as you show off your snaps of last weekend’s dinner with your new chums in Downing Street.

**Influence government policy** — if you’ve got business interests to protect one of the best ways to make sure the government listen to you is to give their party loads of cash. Former Conservative Party Treasurer Peter Cruddas claimed that for a donation of £250,000 the Prime Minister and the Chancellor would personally listen to your concerns. He said “If you’re unhappy about something, we will listen to you and put it into the policy committee at number 10 - we feed all feedback to the policy committee.”<sup>2</sup> That’s how you get your way!

**Become a Lord** — Always fancied a title? Well the surest way to get one is to dig deep in those pockets. A study from Oxford University found a significant link between donations and nominations for

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1 <https://www.conservatives.com/donate/Donor-Clubs>

2 <http://www.bbc.co.uk/news/uk-politics-17504261>

peerages.<sup>3</sup> Not only will you get full access to Parliament you'll also get £300 a day — and tax free too — just for turning up! If you want the title with no responsibility, then knighthoods, OBEs and CBEs are also available. I'm sure your new friends in the party can put in a good word with her majesty.

But given the regulation surrounding political donations I understand you might have some reservations. People these days are obsessed with transparency! Apparently it prevents corruption and builds public trust or something tiresome like that. Anyway, perhaps you've ruffled a few feathers on the way to the top, don't strictly meet the donor requirements, or want to avoid leaving a trail when pursuing your interests. Never fear! We have created this handy guide to help guide you through the loopholes; maximising your donation whilst minimising scrutiny! In the words of former General Secretary of the Labour Party Peter Watt — 'It's like tax avoidance'.<sup>4</sup>

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- 3 <http://www.economics.ox.ac.uk/Department-of-Economics-Discussion-Paper-Series/is-there-a-market-for-peerages-can-donations-buy-you-a-british-peerage-a-study-in-the-link-between-party-political-funding-and-peerage-nominations-2005>
- 4 [http://eprints.lse.ac.uk/54556/1/Bobby%20Friedman%20democraticaudit.com-The way we fund our political parties.pdf](http://eprints.lse.ac.uk/54556/1/Bobby%20Friedman%20democraticaudit.com-The%20way%20we%20fund%20our%20political%20parties.pdf)

# SPLIT YOUR DONATIONS

If you donate large amounts<sup>5</sup> to a political party the Electoral Commission will publish it on their website for all to see. These days nosey transparency campaigners are constantly sniffing around for a scandal. A political donation will put you on their radar — and who wants attention from those swivel eyed conspiracy theorists. You could use loopholes like those in Northern Ireland which anonymise donations, to get around pesky transparency laws in the UK. But sadly that won't work for General Elections if you want to influence England, Scotland or Wales. Luckily the threshold is per person so perhaps you have some family or friends who would also like to make a donation...

Of course, it is against the rules to conceal the true source of a donation. But maybe you decide to give a bit of early inheritance to your son who shares your passion for the Conservative Party. Perhaps he is so passionate that he decides on his own accord to donate this money to the party — now I don't see anything wrong there. Or maybe like Labour donor David Abraham you give a gift to your builder who just so happens to give the money to the Labour Party — his decision, not yours. Or maybe an employee's wife who despite claiming to support the Conservative decides to spice things up and donate to the Labour Party — that's none of your business.<sup>6</sup>

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5 Information relating to donations of over £7,500 to the central party and £1,500 to local parties is published by the electoral commission.

6 <http://www.telegraph.co.uk/news/politics/1570741/Tory-not-told-she-had-given-Labour-25000.html>

If you happen to have a few companies handy perhaps they would also like to contribute. From 2001-2011 Anthony Bamford, Mark Bamford, George Bamford, JCB Research, JCB Bamford Excavators, and JCB World Brands collectively donated £3,898,900 to the Tories<sup>7</sup>. I'm sure this was pure coincidence, and everyone came to the decision to donate on their own initiative. After all, they do say great minds think alike.



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7 <http://www.slideshare.net/ChrisGilson/large-cash-donors-to-the-conservative-party-by-donor-group-january-2001-to-june-2010-6257542>

# SET UP A LIMITED COMPANY

Have you decided to move to sunnier (or less tax burdensome) climes, but still want to make sure British politics works the way you want it to? Pesky legislation says that individual donors have to be on the UK electoral register.<sup>8</sup> The government also passed law in 2009 preventing non-doms from making donations — luckily they still haven't got round to enacting it.<sup>9</sup> Either way you don't need to worry, your tax bill doesn't have to go up. Like former non-dom Lord Ashcroft you can simply use a UK registered limited company to channel money out of your offshore account.<sup>10</sup>

Don't have a limited company? That's ok, you can just set one up. The Political Parties, Elections and Referendums Act requires that UK companies wishing donate to political parties must be “carrying on business”.<sup>11</sup> Fortunately for you, no one could be bothered to include a definition of what exactly that meant. According to the Electoral Commission “a company need not be generating a profit or even

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8 [http://www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0014/102263/to-donations-rp.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0014/102263/to-donations-rp.pdf)

9 <http://www.thesundaytimes.co.uk/sto/news/Politics/article434123.ece>

10 <https://www.theguardian.com/politics/2010/feb/07/gordon-brown-ashcroft-donations-scandal>

11 [http://www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0008/157499/PEF-Regulatory-Review-2013.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0008/157499/PEF-Regulatory-Review-2013.pdf)



actively trading”.<sup>12</sup> All you need is an address, a Companies House registration, and if you’re being cautious you could put your cousin’s son on the payroll.

If your limited company also turns a profit then you’re doubly lucky. Donating through your company could also save you on your tax bill. If the money comes through your company then it hasn’t yet been taxed which can reduce the cost of a donation by a third. Jeremy Hunt liked to use this little loophole with his company Hotcourses.<sup>13</sup> So don’t worry, it’s all above board!



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<sup>12</sup> ibid

<sup>13</sup> <http://uk.reuters.com/article/us-britain-election-donations-specialrep-idUKKBN-ONJOU720150519>

# SET UP A CLUB

If you want to keep your donation history private then one option would be to set up a club. A dinner club, a book club, a tennis club, doesn't matter, as long as it's an unincorporated association. An unincorporated association is any organisation set up through an agreement between two or more people that doesn't seek to make profit. Now back in the good old days you used to be able to channel hundreds of thousands through UAs without anyone knowing where the money was coming from. But since the public got all up in arms about the Midlands Industrial Council<sup>14</sup> the Electoral Commission have been making life a little harder.

Unincorporated associations who donate more than £25,000 have to register with the commission and list all 'gifts' over £7,500 in the year before, after, and of the donation.<sup>15</sup> But that still gives you a chance to donate £24,999 to your dinner club and let them pass it on to the party.

Perhaps you have some friends who share your political affiliation and also have a healthy bank balance. And you're all keen to support a particular local group or candidate (say, one in a very marginal seat). Setting up an unincorporated association will help you get around the £1,500 reporting threshold for these types of donations. Even if your UA does exceed the £25,000 threshold the current list

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14 <http://www.telegraph.co.uk/news/uknews/1528795/The-mystery-Midlands-millionaires-break-silence-over-Tory-funds.html>

15 <http://www.electoralcommission.org.uk/find-information-by-subject/political-parties-campaigning-and-donations/donations-and-loans-to-other-individuals-and-organisations/guidance-for-regulated-organisations>

of ‘gifts’ is practically empty<sup>16</sup> — looks like you can just ignore it! In just 3 months of 2014 unincorporated associations such as the No Balls Ball and the United and Cecil Club raised over £500,000 for the Tories and £250,000 for Labour.<sup>17</sup> But according to their register, they haven’t received any ‘gifts’ at all!



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16 <http://www.electoralcommission.org.uk/find-information-by-subject/political-parties-campaigning-and-donations/donations-and-loans-to-other-individuals-and-organisations/registers-unincorporated-associations>

17 <https://www.theguardian.com/politics/2015/mar/13/conservative-party-given-nearly-500k-in-concealed-donations>

# YOU SHALL GO TO THE BALL

Grab your tux and your dancing shoes because you're invited to a political party fundraising ball. A standard ticket to the Conservative's Black and White Ball will set you back £5,000 but for a seat next to a Cabinet minister you'll need to fork out £15,000.<sup>18</sup> It could well be worth your while though, you'll have the ear of the minister all night and your name won't appear anywhere on the official government record of meetings with ministers. They're at a party, not in the office! Besides the cash will be going to help your favourite party storm to victory — a win win situation.

If you really want to help the party out, the auction is a must. Last year prizes such as a day shoe shopping with Theresa May and the Iron Man Challenge with Ian Duncan Smith were up for grabs.<sup>19</sup> It may also provide an excellent cover to donate to the party cause if you're not strictly eligible. In 2014 Henley Concierge paid £28,000 for a portrait of Margaret Thatcher. Only after the Bureau of Investigative Journalism found that this non-trading was company registered to the personal assistant of mega rich Russian banker Andrei Borodin, was the donation declared impermissible.<sup>20</sup> But he just got unlucky,

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18 <http://www.mirror.co.uk/news/uk-news/inside-tory-black-white-ball-7335521>

19 [https://www.buzzfeed.com/sirajdatoo/conservatives-black-and-white-fundrais-er-feb-2015?utm\\_term=.yioDnD39L#.maNkLk4vg](https://www.buzzfeed.com/sirajdatoo/conservatives-black-and-white-fundrais-er-feb-2015?utm_term=.yioDnD39L#.maNkLk4vg)

20 <https://www.thebureauinvestigates.com/2014/10/21/tories-repay-impermissible-donation-following-bureau-investigation/>

attendees are notoriously tight lipped about who attended, what was up for grabs, and how much money was being thrown about. Michael Gove claimed his memory of the night was wiped away with a “amnesiac sponge”.<sup>21</sup> Although I’m sure he’s much more likely to remember you next time you’ve got your cheque book out.



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21 <http://www.independent.co.uk/news/uk/politics/five-things-we-learnt-from-the-tory-party-s-black-and-white-ball-a6862966.html>

# SPEND A LOAD AT PARTY CONFERENCE

Formally a place for party members to debate and develop policy, party conferences are the perfect place to lobby ministers over champagne and canapes — but only if your pockets are deep enough. If you've got business interests to defend start off by getting yourself a stall. In order to avoid being counted as a donation stalls have to be sold at "market rate".<sup>22</sup> How does £27,500 sound for a 6x6 table?<sup>23</sup> The fact that a stall at the Green Party conference is 1/7th of the cost of the same stall at the Conservative Party conference is obviously due to operating costs. Definitely nothing to do their relative power to influence policy.

If you've got a particular policy area on which you'd like to share your perspective, find a like minded think tank (and if they're not like minded see how they feel after you send a couple of grand their way). Have them run a fringe event — all in the name of political discussion of course. Think tanks like the Taxpayer's Alliance and the Adam Smith Institute don't publish their funders<sup>24</sup> so no one will ever know about your financial contribution. Oh and don't forget to advertise, you want to make sure your event is well attended after all. You can

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22 [http://www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0004/153859/fs-sponsorship.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0004/153859/fs-sponsorship.pdf)

23 <https://conservativepartyconference.com/files/Conference-Opportunities-2016.pdf>

24 <http://whofundyou.org/>

get a cover page of the conference handbook if you fork out £6,500,<sup>25</sup> pricey maybe but it's all going to the party cause.

Hosting a reception or holding a dinner will give you a chance to mingle with ministers. You can gain access to the Conservative 'blue room' VIP lounge adorned with your logo for a mere £27,500.<sup>26</sup> You might just so happen to bump into that minister who's responsible for that piece of regulation that is really giving you a headache. I'm sure he'll be happy to lend you a sympathetic ear, after all the event wouldn't run without your ~~generous donation~~ commercial transaction.



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25 Ibid

26 Ibid

# GO FOR BROKE

At the end of the day if you're filthy rich then go for broke and buy a political party! There's no limit on the amount an individual can donate to political party so what's stopping you? There might be a bit of chattering in the media but you'll be too busy dining with the Prime Minister, meeting Cabinet ministers, and taking your seat in the House of Lords to notice.

When your party becomes increasingly reliant on your generous donations they'll have to make sure you're always happy. Like Stuart Wheeler (who once gave £5 million to the Conservative Party) says, a donor's ability to influence their party is "absolutely natural and unobjectionable".<sup>27</sup>

And if those politicians get ideas above their station there are plenty of ways you can use you can use your influence to get your way. If the party isn't espousing your personal belief system, you can switch sides and fund a rival party like Stuart Wheeler. He got kicked out of the Conservative Party for donating to UKIP and then set up his own party 'Trust' to stand for election. Having been unjustly deprived of a knighthood he gave himself one, registering his donations as Sir John Stuart Wheeler.<sup>28</sup> After all that failed he's back in with UKIP, giving hefty donations — that'll teach Cameron for his pro EU stance. Take a tip from UKIP donor Arron Banks, if a prominent party MP defies you, threaten them with deselection like he did to Douglas Carswell MP.<sup>29</sup>

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27 <http://www.independent.co.uk/news/people/profiles/stuart-wheeler-nice-but-dangerous-2185732.html>

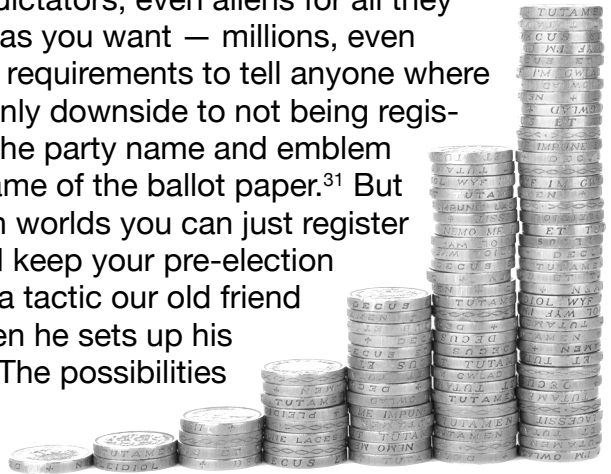
28 <http://bit.ly/2gw2ceP>

29 <http://www.telegraph.co.uk/news/politics/ukip/11891613/Ukip-donor-threatens->



If you fall out with the party leader, you'll have enough insider knowledge to write a tell all book, like Lord Ashcroft. They'll have plenty of incentives to stay on your good side.

What's more if you want to set up your own party you don't even have to register it. The Electoral Commission says "Registration of a political party is not compulsory. Parties can promote the election of their candidates without being registered".<sup>30</sup> That means you don't have to follow any of the rules! Donations can come from anyone — Russian oligarchs, foreign dictators, even aliens for all they care. They can be as large as you want — millions, even billions — and there are no requirements to tell anyone where they're coming from. The only downside to not being registered is that you can't put the party name and emblem next to your candidate's name of the ballot paper.<sup>31</sup> But if you want the best of both worlds you can just register just before the election and keep your pre-election donations a secret. This is a tactic our old friend Arron Banks could use when he sets up his "right-wing Momentum".<sup>32</sup> The possibilities are endless.



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[Douglas-Carswell-with-deselection.html](#)

30 [http://www.electoralcommission.org.uk/data/assets/pdf\\_file/0004/107680/intro-registration-rp.pdf](http://www.electoralcommission.org.uk/data/assets/pdf_file/0004/107680/intro-registration-rp.pdf)

31 Ibid

32 <http://metro.co.uk/2016/09/08/brace-yourselfes-were-getting-another-right-wing-party-6116885/>

## How do we fix it?

Now of course this all is satirical. Nonetheless there are some serious issues about party funding that need to be addressed. We need to end the incentive for political parties to pander to wealthy donors so that they can fund their campaigns. We need to prevent the rich from having undue influence on policy and the general direction of political parties. Some might say that people will always try and get round the rules, but we need to make the benefits of doing so so insignificant that it is simply not worth their while. Unless we reform the way we fund political parties scandals will continue to come to light, undermining public trust and faith in our politicians.

### **Cap Donations**

By capping donations at £5,000, single donations could no longer have an overwhelming influence on campaigns. Politicians would have to appeal to a broader and more diverse audience to source their campaign funds rather than simply pleasing a few multi-millionaires. The cap would need to be the same for everyone: individuals, companies, unincorporated associations and members associations. The only exception being affiliation fees from membership organisations that followed stringent requirements that allowed members to opt out. This would diminish the opportunities for getting round the rules. The low cap would mean that using tricks, like splitting donations or setting up companies, require more effort than the potential benefits. (You would need to find a lot of people

to donate on your behalf to accrue any significant donation). While banning corporate donations would open up new loopholes — individuals making donations and then being repaid by the company for example — the thresholds for company donations do need to be strengthened. The definition of “carrying on business” is as broad as to be virtually meaningless.

Capping donations is the single biggest change to our party funding system that would take big money out of politics and force parties to work in the interests of everyone not just the privileged few.

## **Public funding**

In the UK we already have public funding of political parties in a number of different forms. We need to have an honest conversation about what form it should take and how it could best promote democracy. Schemes to match small individual donations could be devised to encourage political parties to seek broad grass-roots support, not just pander to niche powerful interests. Parties could be awarded funding according to their vote share, a modest scheme like this is already in place but could be extended. There are many options to explore.

**It's time to end the dominance of dodgy party donors and put the power back in the hands of the people!**

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Support our work by paying the basic rate

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For old age pensioners, unwaged people, and benefit claimants

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Please select one:

I enclose a cheque for £..... made out to Unlock Democracy, including an additional donation of £.....

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Start Date

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