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Sir Philip Green Castigated by Parliament Report

Report said further investigations are planned, while Green may lose his honorary title.

By [Samantha Conti](#) on July 25, 2016

LONDON — Sir Philip Green got a black eye from the U.K. Parliament on Monday, and now they want him to write a check for at least 571 million pounds, or \$748 million, to say “sorry.”

On Monday, the joint parliamentary committee looking into the collapse of department store chain **BHS** published a report accusing its former owners **Green** and Dominic Chappell of plundering the ailing retailer to line their own pockets. The report follows an inquiry that saw Green, Chappell and a slew of bankers, lawyers, advisers, pension regulators and managers testify before the joint committee in Westminster.

The report, which was published by the British government’s Work and Pensions, and Business, Innovation and Skills Committees, described the **BHS** affair as “the unacceptable face of capitalism” and said the lessons learned merited broader consideration of the framework in which companies operate.

Some 11,000 jobs were lost when **BHS** liquidated, while 20,000 pensions are at risk due to the large deficit in the pension fund, which swelled to 571 million pounds under Green’s watch.

Green sold the BHS business last year for 1 pound, or \$1.31 at current exchange, to Retail Acquisitions, a consortium led by Chappell, a twice bankrupt former race car driver who had no retail experience.

While there was never a suggestion that Green or anyone else broke the law — and there are no financial penalties to be paid — parliamentarians believe that ethics were trampled and that private businesses should adhere to tougher standards.

“His family took out of BHS and Arcadia a fortune beyond the dreams of avarice, and he’s still to make good his boast of ‘fixing’ the pension fund. What kind of man is it who can count his fortune in billions but does not know what decent behavior is?” Frank Field, chair of the Work and Pensions Committee, said of Green.

In a separate interview with BBC TV on Monday, Field said Green now needs to “stop messing around, get off his boat, get back the pension regulator and sign a whacking huge check” to fill the pension hole, which parliamentarians believe pushed BHS to the brink of collapse. He said Green should sign over the 571 million pounds — and then some. “My advice to him all along was to pay up, look big and step away from it,” Field said.

The Monte Carlo-based Green, whose net worth is 3.22 billion pounds, or \$4.64 billion, according to The Sunday Times of London Rich List, described Monday’s report as: “The predetermined and inaccurate output of a biased and unfair process.”

Green added: “With the benefit of hindsight, clearly Retail Acquisitions and Mr. Chappell were a very bad choice as purchaser on many fronts and I feel badly let down. Sadly, one cannot turn the clock back. The disposal of BHS was made 100 percent in good faith and I still believe that we provided Retail Acquisitions and Mr. Chappell with the appropriate finance to take the business forward. As I told the committees, I am trying to find a solution for the BHS pension and am continuing to work with the regulator to achieve an outcome.

“I am sad and sorry for all the BHS people caught up in this horrid story, but I do not believe that this story is being in any way fairly portrayed,” Green added.

Currently, a check for 571 million pounds-plus would amount to more than 20 percent of Green’s personal fortune — and paying it could mean less money to invest in **Topshop**, the jewel in the crown of his retail businesses, or on personal pleasures (media reports claimed he just paid 100 million pounds, or \$131 million, for a new yacht).

Even with the harsh criticism from the parliamentary report, Green is under no obligation to write a check, although he's been promising to sort out the pension problem. "He has a moral duty to act, a duty which he acknowledges," the report said.

Last month, Green testified before the joint parliamentary committee and apologized publicly for the fiasco, admitted that he sold the ailing retailer to the wrong person, and stressed multiple times that he was working to fill the BHS pension gap.

"I have never run away from looking into solutions to the pension fund. I am prepared to sort this out, and find a solution for the 20,000 BHS pensioners. The problem is resolvable, and I am here to sort it out. There does seem to be a light at the end of the tunnel," he said last month.

The BHS pensions are now in the hands of the Pension Protection Fund, an industry-backed safety net. As it stands now, pensioners will get a fraction of the money that they would have from a properly funded BHS. It remains unclear how gravely impacted the PPF will be if it is forced to foot the whole BHS pension bill.

Whatever solution he finds, the debacle of Green, Chappell and BHS might be the episode that changes Britain's laws about how businesses are run. The parliamentary report said the fact that "private companies are not subject to the same transparency requirements and codes of conduct as their public counterparts in no way absolves them of their wider responsibilities...but if large public or private companies do not behave in accordance with the ethical standards that society expects, further regulation may need to be considered.

"Ultimately business has a moral responsibility to operate within a framework which enjoys the confidence of the nation."

It said that while parliamentarians want entrepreneurs to be encouraged, and accept that business failure is an inevitable part of the process, "reputable businesses are appalled by events at BHS."

The report added that another parliamentary committee, the Business Select Committee, would begin looking into the issues, adding there may also be a case for "stronger and more proactive regulation" with regard to pension schemes.

In an interview with WWD, Allyson Stewart-Allen, a London-based American who helps U.K. firms build their businesses in the U.S., and vice-versa, said that if anything, the BHS affair will mean "much more scrutiny" of takeovers, especially when there are holes in the pension fund. "It will put people on high alert," said Stewart-Allen, a director of International Marketing Partners Ltd.

Stewart-Allen added that the failure of BHS makes businesses overall look bad. "The reputation of 'business' in the U.K., Europe, the U.S. is unsurprisingly poor with BHS, Sports Direct, BP, VW, Panamanian offshore accounts and others fueling this perception," she said.

Although it pointed the finger at a number of individuals, including pension trustees and authorities, the report was particularly damning of Green, saying he laid the blame on everyone but himself.

"The truth is that a large proportion of those who have got rich or richer off the back of BHS are to blame. The tragedy is that those who have lost out are the ordinary employees and pensioners," the report said.

It alleged that Green's holding company, Taveta, is run as a "personal fiefdom by a single dominant individual," who systematically destroyed BHS. "The Green family benefited significantly from BHS. In his early years of ownership, Sir Philip cut costs, sold assets and paid substantial dividends offshore to the ultimate benefit of his wife.

"He failed, however, to invest sufficiently in stores or reinvent the business to beat the prevailing high street competition," the report contended. "We found little evidence to support the reputation for retail business acumen for which he received his knighthood."

A forfeiture committee made up of civil servants is now looking into whether Green should be stripped of his knighthood, an honorary title given to him under Prime Minister Tony Blair's government.

Separately on Monday, Green's lawyers sent a letter to Frank Field asking the parliamentarian for an "immediate and fulsome apology" for comments he made on BBC's Radio 4 earlier in the day following the report's publication. Field had accused Green of pinching money from the BHS and Arcadia pension funds.

“Our client has never stolen any money from BHS, Arcadia or the pension funds, and you know that,” the letter from Schillings said.

“Clearly an allegation that our client is a thief is likely to cause him serious harm. Our client requires an immediate and fulsome apology in relation to the allegation,” the letter said.

The joint parliamentary investigation is one of five probes into the sale and management of BHS by bodies including the pensions regulator and the U.K.’s Serious Fraud Office, the government body that investigates and prosecutes serious and complex fraud, bribery and corruption. The latter is in its early stages.

Field told the BBC in an interview that he would not apologize, and that his committee’s investigations are continuing. “This is the first stage of our inquiry. It goes on. The idea that we draw a line today because the report’s been published — if [Green] thinks that he obviously believes anything.”