

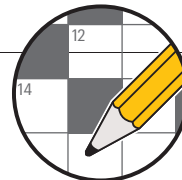
# BUSINESS & MONEY



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## STATS PUTS DUBLIN OFFICE IN PLAY

IAN RUTHERFORD



Stats, one of the world's top sports analytics companies, is looking at setting up a Dublin office, writes Philip Connolly.

The US company, which provides statistics to top sports teams such as Paris Saint-Germain — who took

on Celtic in the Champions League last week, pictured — and media companies such as ESPN, registered a new Irish entity earlier this month. It already works with the Camogie Association in Ireland. The directors of Stats

Sports Data & Technology Ireland include global chief executive Kenneth Fuchs.

Found in 1981, Stats was bought by Fox in 2000 and later became a joint venture between Associated Press and News Corp. The company

has been expanding since it was bought by US private equity firm Vista in 2014.

Since then it has completed a number of acquisitions including Prozone. It covers 85 leagues globally and 55,000 events a year.

# Eir chiefs eye €180m bonus in NJJ buyout

Gavin Daly

A proposed buyout of Eir by French telecoms entrepreneur Xavier Neil's NJJ Holdings and three existing shareholders is likely to trigger bonus payments to the company's top brass of more than €180m.

The buyout plan is under discussion between NJJ Holdings — Anchorage, an American fund; GIC, a Singaporean state investment fund; and Davidson Kempner, another US fund.

The three funds currently control 90% of the equity in Eir, and it is understood that NJJ is proposing to take a significant stake in the business. If concluded, according to sources, the proposed transaction will almost certainly trigger payouts under the company's lucrative management incentive plan (MIP).

The plan was set up in 2013 to acquire shares in the company for management, who would benefit if Eir floated or was sold. A sum of €2m was paid into the incentive plan last year, down from €5m in the previous year.

The cumulative contribution to the incentive plan to date by the company is €54m. However, it has been reported that the valuation of the shares held within the plan is €181m, according to the accounts of Eircom Holdings SA (EHS), the company's Luxembourg parent.

The company does not disclose how

many executives benefit from the plan. "Under the terms of the MIP there are good and bad leaver clauses, which determine the rights of participants who cease to be employees prior to the occurrence of an exit event," said Eircom Holdings in its financial statement.

The largest beneficiary will almost certainly be Richard Moat, the Eir chief executive, who joined the firm as chief financial officer in 2012 and was appointed to the top job in 2014. Non-executive directors also qualified for shares.

Eir's key management had salaries and short-term benefits of €6.3m in the financial year to the end of June, according to the group's accounts. The company also paid €3.4m in termination benefits to senior management last year, a multiple of the €500,000 paid out the previous year. It is understood the figure relates to a number of senior departures rather than one individual.

Jon Florsheim, who was managing director of Eir's consumer business and its chief marketing officer, left the group



Moat is likely to be the largest beneficiary of any bonus payment if Eir is bought out

earlier this year. Representatives from NJJ have flown into Dublin in the past two weeks to advance due diligence examination of the company books, and talks are said to be continuing.

In a statement, Eir Finance DAC, a company that issues bonds to finance group operations, said the existing major shareholders had "affirmed their continuing commitment to their investment in EHS for the foreseeable future. There can be no certainty that the discussions between the shareholders of EHS and the potential investor will result in a transaction".

Separately, Eir last week initiated a High Court legal action against a former director of the business, Bruno Claude, who stepped down from the board on July 31 last year. The telco is seeking a declaration against Claude, a legal move that is usually intended to bring certainty to a provision in a contract.

The company, which is represented by Arthur Cox solicitors in the legal action, declined to comment. Claude could not be reached for comment.

Claude joined Eir as a non-executive director in June 2012 after the telecoms group emerged from examinership. He was previously chief executive and president of Cablecom, a Swiss cable television provider, which was acquired by Liberty Global for €2.5bn.

Agenda, page 2

## Piercy data hub sells for €66m

Brian Carey

A company controlled by the serial telecoms entrepreneur Colm Piercy has bagged a large profit from the sale of a west Dublin data centre to a Singapore-listed real estate investment trust, writes Brian Carey.

Keppel DC Reit last week purchased Dataplex Group's B10 data centre at the Ballycool industrial estate for a total of €66m.

Piercy, who founded the internet service provider Digiweb, developed the facility which opened in 2013. The shares in development company Dataplex Datacentres were valued at €11.5m in May 2016 as part of a group restructuring.

Keppel is buying 100% of Dataplex Datacentres for €58.5m.

The Singaporeans are paying a further €7.5m for a 999-year lease on the

property from Ficepot, a company controlled by Piercy. Former presidential candidate Sean Gallagher is also a director.

The facility has a total of four data halls, offering energy-efficient services to a long list of large, blue-chip clients.

A charge document, filed in the Companies Registration Office last December listed Facebook, Microsoft and Vodafone as

having agreements with Dataplex. According to its website, Dataplex is also developing further data centres in the UK and in Germany.

Earlier this year, Piercy and co-investors purchased 365 Data Centers, an American data centre company, for \$100m (€84m).

Piercy sold Viatel, a subsidiary of Digiweb, to the US firm Zayo for €95m in cash in 2015.

## Irish Times to wrap up Examiner deal

Gavin Daly

The Irish Times is progressing plans to acquire the Cork-based Irish Examiner newspaper, with a deal now expected to be completed within weeks.

Sources said that terms of a takeover had been agreed in principle and the sides were working through details such as staffing and costs. Any agreement will be subject to approval by the Competition and Consumer Protection Commission.

The deal is complicated by the €21m debt owed to AIB by Landmark Media, which owns the Irish Examiner as well as a portfolio of regional newspapers and radio stations. It is understood a portion of the overall debt will be assigned to the Irish Examiner and an agreement reached with the bank.

KPMG has been advising Landmark, which is owned by Tom and Ted Crosbie, on its options for some months. The accountancy firm PwC is working with AIB. The Irish Times holds the contract to print the Irish Examiner, which is seen as a key

element in the acquisition. There is limited crossover in readership between The Irish Times, which has most of its sales in the Dublin region, and the Irish Examiner, which is Munster-focused.

Independent News & Media explored the possibility of acquiring the Irish Examiner earlier this year but did not proceed to detailed talks. Sunrise Media, the Key Capital-backed owner of the Sunday Business Post and the Webprint Concepts print plant in Cork, was also believed to be interested in acquiring the title.

The Irish Times had turnover of €83.6m in 2015 and made an operating loss of €1.1m, according to its latest accounts. The company also had €1.9m in reorganisation costs that year but was boosted by a €53.6m gain on the winding-up of its defined benefit pension schemes.

Landmark had turnover of €47.7m in 2014, the last year for which accounts are available, and made a loss of €92,600. The group does not separately disclose the financial performance of the Irish Examiner.

## AIB's €1.5bn push on rich pickings

Niall Brady

AIB aims to capture at least 5% of the private banking market by 2020 as part of a bid to regain lost ground in wealth management following the financial crisis.

"We're making a big push because, relative to AIB's size in Ireland, we've a small but growing market share," said Dave McLaughlin, the head of AIB Private Banking. "There's a huge amount of first-generation wealth in Ireland."

AIB Private Banking is currently recruiting 10 staff to add to its headcount of 75 in Dublin, Cork and Galway. McLaughlin joined AIB last year from Royal Bank of Canada's wealth management business in Dublin.

The AIB chief executive Bernard Byrne identified wealth management and pensions as key growth areas in the run-up to the stock market flotation of a 28% stake in the bank in June.

"I think that's going to be a big thing for the next 10 years," he said at the time.

AIB's share of the estimated €30bn-€35bn managed by the wealth

management industry has shrunk to just 1% since it sold Goodbody Stockbrokers in 2010.


To achieve McLaughlin's target of a minimum 5% share, it will have to grow its assets under management by at least €1.5bn over the next three years.

Industry insiders believe that AIB may have to acquire or partner up with other wealth managers to achieve this target.

Acquisitions are considered unlikely, however, while the state remains a majority shareholder in the bank.


AIB's strategy of positioning its private bank as a separate brand for customers with investable assets of at least €1m contrasts with the approach of Bank of Ireland. It has moved to integrate its private banking unit with the mainstream retail bank.

This has resulted in hundreds of customers of Bank of Ireland Private Banking being told in recent weeks that their affairs will be handled in future through their local branch.



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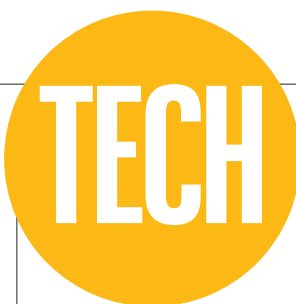


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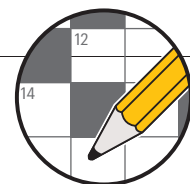
# BUSINESS & MONEY



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## Davy lines up bid for IFG adviser

Davy, the country's largest broker, is running the rule over a bid for Saunderson House, an investment adviser owned by IFG, writes Brian Carey.

Last Friday, IFG said that it was considering the sale of the profitable Saunderson House as a means of creating value for shareholders. The board, which is headed by serial entrepreneur John Gallagher, said that the quoted financial services group had received "a number of approaches" for Saunderson and discussions were at an early stage.

The business could be worth up to €150m (£170m), according to sources, based on assets under advice of more than €5.1bn.

Davy will pocket €60m for its stake in the Irish Stock Exchange, when the sale to Euronext is completed in the coming weeks.

It is estimated that the exchange windfall will bring Davy's reserves to more than €200m.

The broker has made no secret of its ambition to expand in the London market, and Saunderson, which draws its clients from legal professionals in the City of London, would be a good fit. Davy would face competition for Saunderson. IFG said that its other subsidiary, James Hay, faces fines of up to €20m from HM Revenue and Customs after its clients were caught up in a row with the taxman over investment in Elysian Fuels, a biofuels company.

IFG shares fell sharply on the news.

## PRIMARK MAKES ROOM AT THE TOP



Fashion chain Primark has bolstered its senior management team at its Dublin headquarters with the hire of a leading Top Shop buying director. Full story, page 3

# Chinese investors poised for €100m Goodbody buyout

Well-known business figure speculated to be behind landmark deal

Brian Carey

A Chinese investment group is in advanced talks to buy Goodbody, the country's second-largest stockbroker, for a sum believed to be about €100m.

A spokesman for Fexco, Goodbody's majority shareholder, declined to comment on the takeover talks. However, The Sunday Times understands that an announcement on the deal could be made within weeks.

The transaction would be subject to regulatory clearance from the Central Bank of Ireland and the Chinese financial authorities.

The deal, if completed, would result in a stunning return for Fexco on its investment in the venerable broker, which traces its roots to 1877.

The Kerry financial services group acquired control of Goodbody in January 2011 from AIB for €24m, moving to buy the business as the bank sold non-core assets as part of the terms of its government bailout. At the time, Fexco took a

75% stake, leaving staff and management at Goodbody with a 25% share. Staff and executives, led by managing director Roy Barrett, have since doubled their stake to just under 50%, under an incentive deal agreed at the time of the takeover.

The executive earn-in was based on Goodbody hitting various profit milestones, and it has been widely speculated that Fexco may have already made a big chunk of its investment back at the broker, based on dividends earned from the business in the past five years.

The broker's profits were buoyed by a bounce in trading in Irish shares and strong returns from its corporate finance division, which advised on the flotation of Aer Lingus and Cairn Homes.

The broker is also set to receive €45m from the sale of its stake in the Irish Stock Exchange (ISE) to Euronext, the trans-European bourse. The ISE sale is

expected to close by the end of next month. Goodbody, which is controlled by a company registered in the British Virgin Islands, does not file accounts in the Companies Office.

The Dublin-based broker set up an investment banking division in 2016 as part of a strategy to increase its business presence in the UK, where it has poached a number of senior executives from Canaccord Genuity.

It is understood that a well-known business figure with deep business connections in China may have played a role in bringing the Chinese investment group to the Irish market.

There has been considerable speculation that Fexco might use the sale of its ISE stake as an appropriate time to exit the business. In 2016, it was reported that Investec held talks with the company about a possible bid for Goodbody.

South African-owned Investec is currently running a sales process for its Irish business, with AIB believed to be among the front-runners.

The process, which may not lead to a sale, was initiated after a number of unsolicited approaches for the bank and its investment and wealth management businesses. Investec will earn €30m from its stake in the ISE.



Roy Barrett is set to reap the benefits of Goodbody's executive earn-in

## Ammado boss accused of asset-strip

Gavin Daly

The liquidator to a Dublin company that owes €3.8m to charities claims its founder transferred technology and trademarks to a new venture ahead of the liquidation.

Peter Conlon, the founder of Ammado, is in custody in Switzerland where he was arrested on suspicion of embezzling money from the company, which developed technology to facilitate online donations. He was arrested

after the International Federation of the Red Cross filed a criminal complaint against Ammado and Conlon, claiming it is owed €1.55m in donations.

The main Irish Ammado company, Pembroke Dynamic Internet Services, was put into liquidation on January 22 after a winding-up petition was presented by Revenue. The liquidator, Myles Kirby of Kirby Healy accountants, claims Conlon transferred intellectual

property, trademarks and internet domain names from Pembroke to a company called Ammado Technology, after the Revenue petition was presented.

In an affidavit, Kirby said Conlon had sent an email on November 7, asking: "Have we moved all registrations etc into AT. The Revenue are really pushing it."

Kirby said Pembroke took in €8m between November 1, 2016, and January 23 this year but there was no structure

keeping donations separate from company funds. The liquidator said €40,000 had been paid to a woman Conlon was believed to be "romantically involved with".

Kirby secured court orders freezing Conlon's assets and the case will return to the High Court this Friday. The Zurich public prosecutor's office said the "presumption of innocence applies".

Where did all the money go?, page 5

## US fund sets sights on Dublin fintech hub

Motive Partners, a US private equity fund specialising in technology investments, is planning to open an office in Dublin following €25m backing from the Ireland Strategic Investment Fund (ISIF), writes Philip Connolly.

The state's investment vehicle recently agreed a deal to invest in Motive Capital Fund I. Motive is targeting a total fund size of up to \$500m (€400m), with a \$750m cap.

Motive is expected to begin investing in Irish companies this year, as a result of the ISIF investment.

Founded in 2015, the fund targets growth-stage and buyout investments in the financial technology sector. It has been backed by US private equity fund Warburg Pincus.

Motive is expected to open a Dublin fintech innovation hub called Motive Labs, which is a

partnership with several financial institutions.

Last month the investment vehicle secured the backing of four leading banks, including AIB, and Mastercard as founding partners for the partnership. It will involve the group looking at innovation and investment opportunities, and working with fintech start-ups on new products and services.

ISIF has invested heavily to bring international investors into the Irish market. Last year it committed €125m to entice the UK Business Growth Fund to set up a large capital fund.

The state's investment arm also agreed to back Muzinich, an American SME debt specialist, with €45m, and invested about €85m in Insight Venture Partners, a software-focused venture capital firm in America.

## Paddy Power Betfair loses marketing boss

Philip Connolly

Paddy Power Betfair faces a further shake-up of its senior executive team after the departure of chief marketing officer Johnny Devitt.

It is understood Devitt has decided to leave amid a streamlining of the betting giant's upper management structures, which would have changed his role.

Devitt is leaving the company after more than a decade of working at both Paddy Power and Betfair.

The UCD graduate joined Paddy Power in 2007 as a manager for financial spread betting and contracts for difference before taking on a senior marketing role.

In 2013, he joined then rival Betfair's marketing department and became chief marketing officer in 2015. He took over responsibility for creating a

coherent marketing strategy for the enlarged group following the completion of its 2016 merger.

Since replacing Breon Corcoran as chief executive last month, it is understood that Peter Jackson has significantly restructured the company's management ranks and altered its reporting lines.

Cormac Barry also recently stepped down from his role as head of Paddy Power's Australian business to join Irish technology company Cartrawler last month. Dan Taylor, previously managing director of the group's UK and Ireland operations, is assuming a newly created role as chief executive of Paddy Power-Betfair Europe.

Aine Flanagan has been promoted to the role of chief strategy officer, and Johnny Hartnett has been appointed chief development officer.

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## BUSINESS

# How did an Irish tech boss wind up being held in Switzerland on suspicion of withholding €3.8m of charity donations, asks Gavin Daly

**O**n December 22, the Irish businessman Peter Conlon sent a short email to an associate. “See you in Zurich later,” wrote Conlon, a serial tech entrepreneur with both business success and failure to his name. Then he vanished.

A trip to the Swiss business and financial centre was not unusual for Conlon, who relocated to Switzerland from Dublin about six years ago. His latest venture, Ammodo, developed technology to process online charity donations, and the Swiss base put him close to the headquarters of many global charities, including the International Federation of the Red Cross (IFRC).

By the time Conlon sent the December email, however, Ammodo was in deep financial difficulties. The Revenue Commissioners had petitioned to wind up its main Irish company, Pembroke Dynamic Internet Services, over a €400,000 tax bill, starting a chain of events that would lead to a liquidator being appointed to the business on January 22.

In the High Court last Tuesday, liquidator Myles Kirby of Kirby Healy Chartered Accountants alleged at least €3.8m that Ammodo had taken in for charities was not passed on. With just €357,000 in the company bank accounts, there is a “very significant shortfall” owed to charities.

By the end of the week, it was apparent why the liquidator found Conlon was “uncontactable”. He had been arrested by the Swiss authorities at Zurich airport on December 22, on suspicion of embezzlement of funds from Ammodo.

The arrest followed a criminal complaint from the IFRC, which claims it is owed €1.55m in donations that were not paid on by Ammodo. Conlon remains in custody in Switzerland, according to the white-collar crime unit of the office of the Zurich public prosecutor.

In an affidavit opened in the High Court last week, Kirby has accused Conlon of misappropriating money from Pembroke Dynamic Internet Services, using donations intended for charities to fund the company’s day-to-day costs and pay personal expenses. Information he uncovered in his first week as liquidator “suggests that [Conlon] is dishonest and untrustworthy”, Kirby said.

The liquidator said Conlon’s company did not keep charity donations in a segregated bank account but “cynically” gave the impression donations were processed through a charitable foundation, the Ammodo Foundation. Ammodo had no financial controller, and Conlon “appears to have carried out that function as far as it existed”.

Kirby said several charities had been pursuing Ammodo for payment of donations, including the American Red Cross, New Zealand Red Cross, the UN High Commissioner for Refugees, Caritas Internationalis, the Arsenal Foundation and the Save the Children Fund. The requests for payment date back as far as last April. The liquidator sought and secured court orders freezing Conlon’s assets. He has also sought a full disclosure of Conlon’s assets and liabilities.

“I do not make the application lightly in this case, but I have strong grounds to believe ... [Conlon] is guilty of very serious misconduct in the context of the insolvency of the company,” Kirby said in the affidavit. Conlon, he added, “has powerful incentives to dissipate any assets held by him which may be beneficially owned by Ammodo”.

Kirby claims Conlon, 63, took steps to move assets out of the company that was being liquidated, including shifting its intellectual property and internet domain names to another company. The new company has attempted to open bank accounts in several countries, including an account in New York.

The Swiss Department of Justice has separately sought details of bank accounts held by Ammodo. Kirby said it was not clear how the multimillion-euro debts had mounted at Ammodo, which swallowed about \$35m (€28m) investment from Conlon and other backers to develop its technology.

The businessman had been attempting to raise at least €10m more investment for the company late last year. Sources said it appeared he intended to pay the charity debts from that funding, but the deal did not materialise. “It has not been possible to fully establish how this shortfall arose and how the misappropriated funds have been spent,” said Kirby.

“This will be a very extensive and time-consuming exercise, and will involve a forensic review going back many years.”

It is a stunning reversal of fortune for Conlon, an award-winning entrepreneur who sold one of his previous companies for more than €100m. A native of Carrick-on-Shannon in Co Leitrim, he is a qualified barrister and chartered accountant. Conlon started his career at Ernst & Young, now EY, and worked as a project manager at IDA Ireland. He set up his first tech venture, Lightband Communications, in 1987 with business partner Patrick Rainsford to

PHOTOSHOP BY PETER BAKER



develop technology for the trading floors of big banks.

Amid rapid changes in that sector, they wound down Lightband in 1996, making little return. The same year, they set up MV Technology (MVT) to develop optical inspection tools for electronics manufacturing companies.

Funded by Conlon and Rainsford, low-key MVT counted the likes of Nokia, Philips and 3Com as customers, clocking revenues of more than €25m in 2000. In early 2001, they sold MVT to Agilent Technologies for €102m in cash.

Conlon personally negotiated the sale. He would later regale people with a story of how he walked out of a meeting with Agilent over a disputed detail, only to be chased down the stairs by their executives to seal the transaction.

By then Conlon had formed his next venture, Xsil, to make laser machines to cut silicon for semiconductors. Rainsford meanwhile set up Emuse Technologies, an advertising tech group, and both men invested heavily in both ventures.

In 2003, Conlon said the duo had personally invested €25m in Xsil. In May that year, he paid €5.1m for a five-bedroom house on the affluent St Marys Road in Ballsbridge, Dublin 4. He already owned

**Conlon, right, has been accused of reckless and fraudulent trading and misfeasance in the running of Ammodo, which processed donations made to some of the world’s best-known charities**

“**Conlon had a high profile in the charity sector**”



two other houses on the same road. Xsil turned profitable after three years and grew to about 150 people, pulling in annual profits of between €5m and €10m.

In 2004, Conlon won the industry category at the EY entrepreneur of the year awards, a black-tie fixture on the corporate calendar, for his achievements at Xsil. In a video recorded for the event, he said the awards were important for creating an “environment of entrepreneurship”.

“At least they can say that business is not all dirty,” he said in the video. “It’s not about brown paper bags, planning permissions, but that some businesses are about creating value using intellectual skill from a small island off the west coast of Europe.”

He was reported to have appointed Citigroup to advise on a sale or flotation of Xsil, raising the prospect of a second big payday. In 2005, with the Xsil business in good shape, he set up Ammodo with Anna Kupka, an Xsil director and general counsel.

The new venture started as an online games developer with a charitable angle. In its earliest incarnation, Conlon envisaged Ammodo launching a game that would be played globally, and where the winner would get €1m for themselves and €1m for a charity of their choice. Over time, it evolved into a donation “platform” that allowed users to set up funding drives and donate

to charities in over 100 countries. Conlon touted the complexity of the technology, which handles a dozen languages, about 90 currencies and local tax issues.

In 2007, he stepped down as chief executive and chairman of Xsil to focus full-time on Ammodo, described at the time as “a Facebook for charities”. He was genuinely passionate about the sector, treating business associates, journalists, and potential staff and investors to lengthy deliberations on Ammodo’s efforts to boost global “giving”.

He drew criticism, however, after the demise of Xsil, which went into a downward spiral when a planned sale to a Japanese public company failed to materialise. Staff went unpaid at the end of 2008 and ultimately petitioned to wind up the company in an effort to get paid.

The Xsil intellectual property was sold for about €2m and a settlement was eventually reached with the former staff in 2010. Brian Farrell, an engineer who took over from Conlon as Xsil chief executive, was awarded €176,000 by an Employment Appeals Tribunal in 2011.

In an interview in 2015, Conlon said it was “stupidity” and “petty Irish” to criticise the manner of Xsil’s collapse.

“You wouldn’t have that reaction in Silicon Valley,” he said. Conlon said he had personally lost millions of euros on Xsil and suggested his MVT fortune was spent. “What I have left out of it wouldn’t cover a cup of coffee.”

Emuse, meanwhile, had accumulated losses of more than €55m at the end of 2015 and is reliant on Rainsford to keep it afloat. Conlon resigned from its board in 2014 and an Isle of Man trust linked to Conlon served a petition seeking repayment of more than €2.8m from Emuse in

2016. The petition did not proceed after a legal hearing.

Externally at least, Ammodo appeared to be making progress. In January 2012, it raised its first external investment, taking in \$9m from Saffelberg Investments, a Belgian finance house, and John Ryan, an Tipperary-born tech entrepreneur who now runs venture capital group SVG Partners in California. Conlon has also named Vikram Gandhi, founder of VSG Capital Advisors in New Delhi and a former senior executive at Credit Suisse and Morgan Stanley, as an Ammodo investor.

Company presentations list its other investors as James Chen, chairman of Wahum Group Holdings in Hong Kong and Nigeria; Arnold Ekpe, former chief executive of Ecobank, which has operations in 36 African countries; and Andrew Morgan, former president of new business at Diageo.

Conlon and Kupka moved to Switzerland around the start of 2012, though Kupka left Ammodo a number of years ago and resigned as a director in 2015. Ammodo AG, its Swiss company, is based in a low-profile brick building in Zug, a low-tax canton that houses the headquarters of many international groups.

Conlon had a high profile in the charity sector, sharing a stage at an event on Ebola in 2014 with Nick Clegg, then UK deputy prime minister, and the under-secretary of the IFRC. After the 2015 earthquake in Nepal, the Red Cross embedded a “donate” button enabled by Ammodo in tweets about the disaster.

Airbnb and Angry Birds also launched Nepal appeals using Ammodo’s system, and investment bank UBS used it to raise donations for its charitable foundation. Ammodo had a link-up with Adidas, and Conlon listed partnerships with blue-chips including Coca-Cola, AstraZeneca, Nestlé, Oracle and Airbus. In 2016, Conlon announced Audie Attar, head of Paradigm Sports Management and manager of MMA fighter Conor McGregor, would join the Ammodo AG advisory board.

The ventures did not translate into bumper revenues for Ammodo, which took a 5% fee on donations made through its system. Kirby said Ammodo received €5.8m in donations from March 2016 to September 2017, which would amount to just €290,000 in fee revenues. At the time, the business was supporting the Irish company with about 20 staff, Ammodo AG, and a company with development staff in Novi Sad, Serbia.

At the end of February 2016, the Irish company had losses of €19.4m and a €15.4m deficit. The company said it owed €15.8m to creditors including €12.3m to Ammodo AG. Its auditor said there was “a significant doubt and uncertainty with regard to the company’s ability to continue as a going concern”.

Ammodo’s woes began to accumulate early last year. The IFRC said last week it became aware of “business conduct issues” at the company in April 2017 and told all its national societies, including the Irish Red Cross, to stop using the Ammodo system. The IFRC said it did not tell other charities about its concerns about Ammodo, based on legal advice.

In May 2017, a Red Cross executive wrote to Conlon seeking full payment of €186,734 owed to the American Red Cross. There was further correspondence in July citing Ammodo AG’s “lack of co-operation and the non-availability of funds”. The demands from other charities were also mounting.

The Revenue petitioned to wind up Pembroke Dynamic Internet Services, the Irish company, on September 5, prompting it to seek examinership protection from the courts. Conlon reportedly told Ammodo investors that a group of wealthy individuals had committed to invest €10m (€11.4m) and a “world-class” chief executive had been hired.

In an article in Swiss media last November, he was quoted as saying Ammodo had no financial difficulties and was hiring 15 employees in London. The examinership petition was voluntarily withdrawn, however, and High Court judge Brian McGovern set a date of January 22 for the Dublin company to pay creditors in full or be wound up.

By then, unknown to the judge, the liquidator or Ammodo’s staff, Conlon had been in custody in Switzerland for a month. The Irish staff are co-operating with Kirby, and John Doherty, the Ammodo chief technology officer, has sworn an affidavit in the case.

Michael Conlon, a brother of Peter Conlon, was a director of Pembroke Dynamic Internet Services but resigned in November. Last week, he said: “I do not wish to speak to you or anyone else on this matter.”

Kirby said there was “clear evidence” Peter Conlon tried to move assets out of Pembroke Dynamic Internet Services after the Revenue presented its court petition to wind up the company. The liquidator cited an email sent by Conlon at 7.40am on November 7 asking: “Have we moved all registrations etc into AT. The Revenue are really pushing it.”

Kirby believes “AT” refers to Ammodo Technology, a company that has been dormant since it was set up in January 2012. Conlon is a shareholder and sole director of Ammodo Technology. On his LinkedIn profile, he describes himself as president of the company.

Kirby said an investment update given by Conlon to prospective investors, dated December 6, said Ammodo Technology owned all the intellectual property, web addresses and trade marks for Ammodo. The company has no liabilities and “will generate all revenues from the Ammodo platform and products”.

Just over two weeks later, Conlon was arrested in Zurich. Kirby is accusing Conlon of reckless trading, fraudulent trading, and misfeasance in the running of Ammodo. The case is due back in the High Court on February 9, when Conlon will have a chance to explain where the money went – if he is at liberty to do so.

# THE SUNDAY TIMES

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NEWS SPECIAL REPORT

### JUSTINE MCCARTHY ON THE FALLOUT FROM THE BELFAST RAPE TRIAL

## Olding's lawyer in online warning

Justine McCarthy and Colin Coyle

Stuart Olding's solicitor has said he is monitoring online comments about the Ulster rugby player following his acquittal, along with fly-half Paddy Jackson, on charges of raping a 19-year-old student.

"We're urging caution," Paul Dougan said following an announcement by Jackson's lawyers that they intend to sue Aodhán Ó Riordáin, a Dublin senator, over a remark he posted about their client on Twitter.

On Friday, bestselling author Marian Keyes, who has 157,000

**ULSTER RUGBY RAPE TRIAL**  
Full coverage, pages 7-9

followers on the social network, tweeted support for Ó Riordáin using the hashtag #sueempaddy.

Within 30 minutes Keyes had deleted the tweet, although yesterday she retweeted a number of messages from other Twitter users with the #sueempaddy hashtag. The author did not respond to queries through her agent yesterday.

"I think the focus is on Paddy Jackson at the moment but we're watching and monitoring everything," said Dougan. "After Easter, we will also be looking at the reporting of the story over the weekend.

"The [online] commentary has been extensive. The law is no different for social media to that for print or broadcast media, but people seem to feel it's as casual as having a conversation in their own home."

Dougan said Olding is "spending time with his family and hoping the **Continued on page 2** →



SAM BOAL

Ella McGill joins the activists who marched from City Hall to the Department of Justice in support of victims of sexual assault and rape in Dublin yesterday. There were also rallies in Belfast and Cork

## O'Brien firm linked to 'data breach' at INM

Gavin Daly

An Isle of Man company controlled by the billionaire businessman Denis O'Brien paid the bill for an IT group that was given access to the computer networks of Independent News & Media (INM) in 2014, according to an investigation by the state's corporate watchdog.

The probe by the Office of the Director of Corporate Enforcement (ODCE) has found that the access granted to a British tech company was facilitated by Leslie Buckley, a long-term associate of O'Brien who stepped down as INM chairman last month.

The board of INM was unaware that network access had been granted to Trusted Data Solutions (TDS), an American company with an international headquarters in Wales.

The sequence of events is detailed in an affidavit filed by Ian Drennan, the director of corporate enforcement, to support his application for the appointment of High Court inspectors to investigate INM. The affidavit stretches to more than 200 pages with several boxes of supporting documents, according to sources.

A spokesman for O'Brien did not respond to phone or email requests for comment last week. A spokesman for Buckley said he had no comment to make on the ODCE investigation.

The ODCE did not comment on its application for the appointment of the inspectors, due to be heard by the High Court on April 16.

The alleged data breach at INM has emerged as a significant item in the ODCE investigation, which was prompted by a protected disclosure by Robert Pitt while he was INM chief executive.

The media company's board did not become aware of the data issue until it received a letter from the ODCE last year.

It is understood that Drennan's affidavit also raises other issues and contains information not previously seen by INM, including emails and texts involving Buckley. The businessman has his own legal representation, and the company does not see correspondence between Buckley and the ODCE.

Buckley told the ODCE last year that TDS was given access to the INM networks as part of a "cost-reduction exercise".

TDS, which specialises in data recovery, had full access to the INM networks but its activities included a trawl for data on 19 specific people who are named in Drennan's affidavit.

It is understood the affidavit also refers to a legal action initiated in late 2015 by O'Brien against Red Flag Consulting, a public-affairs company headed by Karl Brophy, a former INM executive, and chaired by Gavin O'Reilly, another former chief executive of INM.

O'Brien became the largest shareholder in the company in 2012, building up a 29.9% stake following a protracted corporate battle with O'Reilly and his father Sir Anthony O'Reilly.

TDS was brought into INM by Derek Mizak, a cyber-security

official who was hired by Buckley in 2014.

Buckley was introduced to Mizak by John Henry, owner of Specialist Security Services, who provides services to Buckley personally and to Digicel, the Caribbean mobile phone company owned by O'Brien.

Henry and Mizak are believed to have both provided information to the ODCE.

A spokesman for INM said that it had no comment to make beyond the statement it issued last weekend.

In that statement, the company said that its board was taking legal advice on whether the High Court would have sufficient grounds to appoint the inspectors.

Last week Michael Doorly, chief executive of INM, told staff that the company had "put its insurers on notice" and was forming a special committee to handle the issue, which could run for years.

Doorly added: "We are an awful long way from any finding that anyone has broken any law."

Under the Companies Act 2014, the High Court can approve the appointment of inspectors provided that it is satisfied there are circumstances "suggesting that the affairs of the company have been conducted in an unlawful manner", or in certain other cases.

The ODCE rarely exercises its power to appoint inspectors.

**BUSINESS**  
Corporate and criminal law experts to probe INM

## Teen housing rush 'led to homeless spike'

Stephen O'Brien  
Political Editor

The increase in homeless figures last month may have been due in part to a surge in the number of young people applying for emergency accommodation before a change in the rules for allocating social housing.

A report prepared by the Dublin Regional Housing Executive, to be published this week, will say hundreds of newcomers to emergency accommodation in recent months have been in their late teens.

This group would not previously

have presented for emergency accommodation in such numbers.

The increase in non-typical applications for emergency accommodation has come as local authorities start to implement new rules on how social houses are allocated, decreasing the priority given to those in emergency accommodation.

The DRHE report, requested by Eoghan Murphy, the housing minister, is expected to give detailed data on trends in emergency homelessness. February's figures showed the number of homeless across Ireland increased

by 703 from 9,104 to 9,807 – 500 of whom were children. There was also an unusual rise in numbers seeking emergency hotel accommodation in Dublin at weekends.

"It was brought to my attention over the last two months by the DRHE that new trends are developing, particularly when it comes to families," said Murphy.

"That is something we are investigating. When I have that report, I will act on the recommendations immediately. I don't want to speak about [the new reasons] until I have the firm data . . . so we can

have a proper policy response to what the underlying issues are."

Conor Skehan, chairman of the state's Housing Agency, has said families living in hotels and other emergency accommodation could be "gaming the system" by declaring themselves homeless in order to jump up the housing waiting list. He said the government might have "unwittingly" encouraged people to exploit the housing allocations system by prioritising "self-declared homelessness".

In 2016, Simon Coveney, then housing minister, reduced the **Continued on page 2** →

## Whistle blown on fat GAA refs

Colin Coyle

Now we know why they wear black. A study of male GAA referees has found that 60% are overweight, higher than the national average for men, which was put at 43% in the Department of Health's Slan survey a decade ago.

It also found 49% of the refs had pre-hypertension, suggesting they had an advanced risk of heart disease. Despite getting regular exercise, they were healthier in a number of ways than the general population, researchers from the National Institute for Preventive

Cardiology in Galway and St Finbarr's hospital in Cork found. The researchers concluded that "negative lifestyle behaviours" were to blame for their poor health. They found a large number of the men did not buy or cook their own food.

The study suggests that the GAA should raise awareness about heart disease with referees by implementing "pre-participation screening". Cardiovascular disease is the primary cause of mortality among the general population in Ireland and worldwide.

Researchers interviewed 183 **Continued on page 2** →

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# BUSINESS & MONEY

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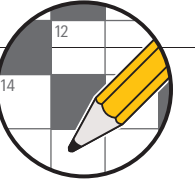
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## Criminal and corporate law experts to probe INM

**Gavin Daly**  
The state's corporate watchdog has lined up a senior criminal lawyer and a British expert in corporate governance to be inspectors to Independent News & Media (INM), if its application to the High Court for their appointment is successful. The Office of the Director of Corporate Enforcement (ODCE) is proposing to install senior counsel Sean Gillane and Richard Fleck, a former

partner at Herbert Smith Freehills lawyers in London, as inspectors to INM. The inspectors would have wide-ranging powers to investigate INM's affairs and corporate governance issues. Gillane is known for his criminal law work and is leading the state's case against Patrick Hutch, who is accused of murdering David Byrne at the Regency hotel in Dublin in 2016. The lawyer also led the case against the TD Paul Murphy and five

others who were found not guilty of falsely imprisoning ex-tánaiste Joan Burton and her special adviser during a protest over water charges. Fleck was a partner at Herbert Smith Freehills from 1980 to 2009 and is still a consultant with the law firm, which has 27 offices globally. A specialist in corporate law and governance, he worked with the UK and European governments on probes into the causes of the financial crisis in 2007 and 2008. Fleck

is the deputy chairman of the International Ethics Standards Board for Accountants. The ODCE would not comment on its investigation into INM or the identity of the inspectors. The application for their appointment is due to be heard in the High Court on April 16. An INM spokesman said it had no comment to make. In a statement issued last weekend, the company said its board of directors was "taking legal advice as to

whether the court would have sufficient grounds to make the appointment [of the inspectors]". The ODCE wants the inspectors to probe a range of issues at INM, including a suspected data breach, when an external IT company was given access to INM's networks. Ian Drennan, the director of corporate enforcement, has filed an affidavit of over 200 pages, supported by hundreds of pages of appendices.

It is understood the affidavit states the ODCE's belief that the IT company's access was facilitated by Leslie Buckley, former chairman of INM, and that its bill was paid by a company owned by Denis O'Brien, INM's largest shareholder. A spokesman for Buckley said he had no comment to make. A spokesman for O'Brien did not respond to requests for comment.

An inspector calls, page 5

## Euroclear clouds future of share trading in Dublin

**Niall Brady**  
The pan-European securities settlement house Euroclear has scrapped plans for a dedicated unit for Ireland, raising fears that a hard Brexit will disrupt share trading on the Irish Stock Exchange. Brussels-based Euroclear said it decided not to proceed with an Irish-based central securities depository (CSD) following discussions with the Central Bank of Ireland and Bank of England. Central Bank authorisation is required to establish a CSD in Ireland, the only EU country lacking its own securities settlement infrastructure. Share trades executed in Dublin are currently settled on Euroclear's Crest system in Britain. "Prior to any applicant receiving an authorisation, it must be in a position to demonstrate compliance with relevant legislation and have robust governance arrangements with effective local operations to allow for supervision by the

Central Bank," the Irish regulator said. Euroclear said it would work on alternatives to a CSD, warning that the existing arrangement would be "untenable" after Brexit if Ireland could no longer rely on EU passporting rights to settle trades in London. It said recent agreement on a 21-month transition period after Brexit would allow it to continue to settle Irish securities transactions on an interim basis after Britain leaves the EU in March 2019. Euroclear said it would now explore other potential long-term settlement solutions for Irish securities. The Irish Stock Exchange declined to comment. Finance minister Paschal Donohoe said last summer that an Irish CSD "would best ensure the smooth continuation of settlement services to market participants and, in doing so, support financial stability". The Irish Stock Exchange was sold for €159m last week to Euronext.

## Mondi lines up package for Smurfit Kappa

Company eyeing merger to form paper giant and stave off hostile US bids

**Ben Harrington**  
The FTSE 100-listed Mondi is studying the possibility of making a "white knight" merger proposal to Smurfit Kappa to create an €18bn (€20.5bn) paper and packaging behemoth. City sources said Mondi had begun working with advisers at NM Rothschild and UBS on whether it would be feasible to launch a proposal to combine with Smurfit Kappa that would be attractive to both the Irish company's management team and its shareholders. The move to study a merger comes as Smurfit Kappa, the Dublin- and London-listed packager, attempts to fend off a €9.5bn takeover bid from US raider International Paper.

Tony Smurfit, the grandson of the founder of Smurfit Kappa, is known to dislike International Paper's culture, whereas he is said to admire and respect Mondi, believing the group is a great "capital allocator". Bankers said it was not clear whether Mondi had got as far as contacting Smurfit Kappa to discuss a deal. Mondi, which is also listed in South Africa, is known to be "very conservative", so financiers suggested it would tread carefully and might decide against pursuing a tie-up with Smurfit Kappa. International Paper last week began contacting Smurfit Kappa's largest shareholders, telling them there were no



Smurfit chairman Liam O'Mahony said the move was 'highly opportunistic'

International Paper, which is being advised by Deutsche Bank, has so far tabled two takeover offers for Smurfit Kappa. Its latest offer amounts to €25.25 a share in cash and 0.3028 new IP shares for each ordinary Smurfit Kappa share. Smurfit Kappa rejected International Paper's second bid last week, saying that the offer "fundamentally undervalues" the business. A Smurfit Kappa statement added: "The board is resolute in its belief that the best interests of the group's stakeholders are served by pursuing its future as an independent company." Chairman Liam O'Mahony described the approach as "highly opportunistic". Industry sources said chief executive

obstacles to a hostile approach. A source familiar with the transaction said that it was "really difficult to see a path forward given the total lack of engagement from the Smurfit board". The US company says that it has identified up to \$450m in synergies if the two companies merge. About half of the cost savings would be in sourcing materials and transport, with up to 20% in sales and general administration, which would include staff costs. *Additional reporting: Brian Carey*

Agenda, page 2

## VIKINGS RAID THE BANK



The fifth season of the TV series Vikings, which is shot at Ashford Studios in Co Wicklow, cost more than €76m to make and had a wage bill of almost €40m, writes Gavin Daly. The production of the series spanned 2016 and 2017, and involved an average of 246 acting crew and 230 people taking part in stunts, according to company filings. The directors of the Vikings company said, however, that "a significantly higher number of employees" were involved

at peaks of filming in the ambitious series. The cast of the fifth season included former WWE star Adam "Edge" Copeland, pictured, who played a warrior called Kjetill Flatnose. The sixth series of Vikings, an Irish-Canadian production for the History Channel, is currently being filmed at Ashford. Vikings is produced by Metropolitan Films, whose directors are Morgan O'Sullivan, James Flynn and Ronan Flynn.

The productions are financed with funds from tax-break private investors, with €45m of investor money flowing into the fourth season of 16 episodes in 2015. The fifth and sixth seasons of the series each have 20 episodes. Ashford Studios was opened in 2012 by the businessman Joe O'Connell. He was granted permission last month for a €90m expansion that will add 12 buildings, including film and television studios, workshops and a visitor centre.

## C&C sees joy in bid for Conviviality's pub supply division

**Brian Carey**  
C&C is in the running to buy the wholesale division of Conviviality, the troubled UK drinks group. The cider-maker has been strongly linked with a potential bid for Matthew Clark, which supplies 20,000 pubs in Britain. Trading in Conviviality shares was suspended on the London stock market last month after the company discovered an unpaid tax bill of €30m (€34m) to Her Majesty's Revenue and Customs. The bill was due to be paid by March 29. Last week Conviviality announced plans to call in administrators within 10 days "unless circumstances change". It has been reported that the company directors will continue to seek buyers for all or parts of the business. Matthew Clark is regarded as the most saleable of Conviviality's businesses. The group also owns Bibendum, a wine distribution business, and the Bargain Booze and Wine Rack off-licence chains.

C&C, which operates drinks wholesale businesses in Ireland and Scotland, is unlikely to be interested in Conviviality's retail division. Matthew Clark was founded in 1810 and was once a quoted company. Constellation Brands bought the company in 1998, and it was later owned by Accolade Wines and Punch Taverns. Conviviality paid €200m for Matthew Clark in 2015. C&C was connected to a possible purchase of the business at the time of the sale to Conviviality, and currently distributes its cider portfolio in the UK through AB InBev. The Irish company is likely to face stiff competition from Marston's, a British brewer and pub owner, according to analysts. Several retailers and convenience store operators have been touted as possible buyers of Bargain Booze and Wine Rack. Bargain Booze was once part of the Irish convenience retail group BWG.

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## BUSINESS



# AN INSPECTOR CALLS

A High Court investigator could soon be knocking at the door of Independent News & Media to quiz management over a suspected data breach, writes *Gavin Daly*

Leslie Buckley took his place behind the podium and peered at the paperwork in front of him. "I have been told to stick to the script, so let's do that," said Buckley, on his last outing as chairman of Independent News & Media (INM), at a sparsely attended extraordinary meeting as Storm Emma approached Dublin on March 1.

In a matter of minutes, Buckley, a long-term associate of INM's 29.9% shareholder Denis O'Brien, had stepped down from the chairman's role he occupied for five-and-a-half years. Four new directors were voted on board, including UK media veteran Murdoch MacLennan, who would later be named INM chairman.

Before leaving the stage, Buckley unfolded a page-and-a-half of scripted comments, his "few final words" on INM. "Sometimes we too can become the

news," he said, a phrase he had highlighted in orange marker.

The seven words acknowledged an extraordinary 18 months at INM in which a dispute between Buckley and former chief executive Robert Pitt led to the latter turning whistleblower and ultimately leaving the company. An investigation into INM by the Office of Director of Corporate Enforcement (ODCE) had focused first on a proposed acquisition of the radio station Newstalk, owned by O'Brien, and then on a suspected data breach at the company.

Just three weeks before the extraordinary meeting, Buckley had won a favourable ruling in a court case taken against him by the ODCE, after he claimed certain documents sought by the agency were legally privileged.

"It certainly hasn't been dull," an upbeat Buckley told the meeting, reading from another highlighted section.

Last weekend, the script changed dramatically. Following queries from The Sunday Times, INM issued a statement at 8pm last Saturday confirming the ODCE was to ask the High Court to approve the appointment of inspectors to INM, with wide-ranging investigative powers.

The court can appoint inspectors if it is satisfied "there are circumstances suggesting that the affairs of the company have been conducted in an unlawful manner" or on certain other grounds, noted INM. The ODCE application, filed in the late afternoon of the last day of the Hilary legal term, will be considered by the judge Peter Kelly, president of the High Court, on April 16.

The news came as a thunderbolt to INM's nine-strong board, four of whom were appointed as recently as March 1. Chief executive Michael Doorly, an INM veteran and former chief risk officer, has been in the top job only since October, when he replaced the departed Pitt.

The board had felt the ODCE probe into the company was winding down and that, in any case, INM had co-operated fully. Announcing its 2017 results on March 9, the media group noted that it "continues to comply with requirements from the ODCE and is taking all necessary steps to meet the ODCE's requests".

In an interview after those results, Doorly was quoted as saying: "We really need to bring it to a conclusion. With the new board and new management it is time to bring it to a close, but the ODCE might not believe that."

The ODCE clearly does not believe that. Ian Drennan, the director of corporate enforcement, has filed an affidavit of more than 200 pages and boxes of appendices supporting the application for the appointment of senior counsel Sean Gillane and corporate governance expert Richard Fleck as inspectors to INM.

Gillane is a well-regarded lawyer, whose practice includes a speciality in criminal law. Fleck, made a CBE, is a former partner at Herbert Smith Freehills lawyers in London. He is also a former chairman of the UK financial reporting review panel and UK auditing practices board. Sources said the ODCE affidavit was highly detailed and covered the Newstalk debacle, the suspected data breach and a number of other issues of concern at INM. Of the issues, the data breach, when an external IT firm was given access to INM's systems in 2014, is considered the most significant.

It is understood Drennan's affidavit states his belief that Buckley was directly linked to the circumstances in which the external company was given access to company systems, without INM's knowledge. The ODCE also believes the bill for the IT firm was paid by an Isle of Man company controlled by Denis O'Brien.

The ODCE declined to comment on the scope of its investigation or the contents of its affidavit last week. A spokesman for Buckley also declined to comment.

"All roads lead to the data issue," said a source close to the company.

Another source said: "If the ODCE was just going to court [seeking the appointment of inspectors] on the basis of the Newstalk issue, it wouldn't stand a chance. This is about sensitive information and if it was given to third parties."

Pitt's initial protected disclosure to the ODCE related to a proposal in late 2016 that INM would buy Newstalk. A dispute arose after Buckley proposed that INM should pay significantly more for Newstalk than Pitt believed the station was worth, and no bid was ever made.

"Newstalk is a sideshow," said a source. "But it became a catalyst for things to kick off between [Robert] Pitt and Leslie [Buckley]. There were personalities at play, and it built momentum."

A subcommittee of INM directors found nothing untoward, and an independent review by the former Irish Bar chairman David Barniville and ex-PwC Northern Ireland managing partner Stephen Kingon also examined that issue. It is understood Pitt gave additional information to the ODCE last year, while Ryan Preston, chief financial officer at INM, also made a protected disclosure internally at the company.

Those disclosures are believed to have pointed the ODCE towards the alleged data breach. In August last year, the watchdog twice used its powers to make statutory demands on Buckley to produce certain documents and correspondence and explain their significance.

Facing an ODCE deadline of November 17, Buckley produced 275 documents but claimed legal privilege over 11 of them. The ODCE issued proceedings on November 23 to get a ruling on the 11 documents. Sources said INM was in the curious position of being in the dark about exactly what Buckley had sent the enforcer.

"The company has fully co-operated with the ODCE," said one source. "But the company does not see the correspondence between the ODCE and Leslie."

It is understood Drennan's affidavit highlights apparent differences between the data given to the ODCE by INM and the information Buckley was separately supplying. The "parallel narratives" are set out in detail in the ODCE affidavit seeking the inspectors' appointment.

Buckley has his own legal advice from Kenan Furlong, a partner in litigation and dispute resolution at A&L Goodbody solicitors in Dublin. Furlong heads the law firm's white-collar crime group and its corporate reputation team, which includes advising on whistleblowing complaints and crisis communications.

Court papers filed in December for the ODCE application for documents from Buckley show the enforcer had asked him about the circumstances in which a company called Trusted Data Solutions (TDS) was given access to the INM technology systems. TDS specialises in data recovery and accessing archived emails (see panel, below), but the INM board did not know it had done work at INM until late last year.

Buckley was asked what benefit INM received, who paid the bill to TDS, and the names of other people who might help the ODCE inquiry. The chairman told the ODCE that access was given to TDS as part of a "cost-reduction exercise" at INM, which "necessitated the engagement of external technical expertise".

Days after those details emerged, David Harrison, an INM non-executive director representing the businessman Dermot Desmond, who has a 15% stake in INM, resigned from its board. INM's senior independent director Jerome Kennedy had already resigned last August, while director Allan Marshall stepped down at the March 1 meeting.

In affidavits, Buckley named two IT security specialists, John Henry and Derek Mizak, in connection with the cost-cutting exercise. Henry, a former Irish Army officer, runs Specialist Security Services in Dublin, which provides security services to Buckley personally.

It was Henry who introduced Buckley to Mizak, a cyber-security consultant and lecturer who was chief technology officer at a company called Resilient Defence until November last year. Mizak "provided expert technical advice and assistance in the cost-reduction exercise", Buckley said, and is understood to have introduced TDS to the situation.

Henry and Mizak both had connections to Reconnaissance Group in Dublin, which has provided security services to Digicel, O'Brien's telecoms group in the Caribbean and Central America. A&L Goodbody's Furlong is also described as "solicitor to Mr Derek Mizak" in the court judgment in the case against Buckley.

The details and nature of the suspected data breach are at the heart of the

## 'DATA IS THE NEW GOLD'

Trusted Data Solutions (TDS), the tech company given access to the IT systems at INM, was founded in 2009 and specialises in the "identification, restoration and conversion" of large amounts of corporate data, including recovering archived emails.

The company has its head office on Madison Avenue in New York and set up its international headquarters in Cardiff. In a video published on the TDS website last year, chief executive Chris Clark said: "The business that we work with is helping customers access their data, and data has changed a great deal in its importance in the corporate world. Data is the new gold."

Clark was a partner at UK-based Airgead Investments from 2000 to 2002, and was managing director of Belfast software group Datactics from 2002 to 2005, according to his LinkedIn profile. South African Robert Breen is co-founder and chief operating officer of TDS, whose parent company is backed by investment group Park Vale Capital.

TDS's UK-based operation lost £59,000 (€67,000) in 2014 but jumped to a profit of more than £798,000 a year later. Profits fell back to £30,899 in 2016. As well as its bases in New York and Cardiff, the company has "processing facilities" in London and LA. It announced a new data facility in New Jersey in January.

## INM CHIEFS TAKE CHARGE

The ODCE application for inspectors to be appointed to INM comes as the company's board and management are grappling with plans to overhaul its business. A four-month review of the company's operations by consultants EY was presented to the board last month and outlined to senior staff at an event at Croke Park in Dublin last week.

The plan includes introducing a payroll on the INM newspaper websites and pursuing digital subscriptions to plug the gap left by declining advertising and circulation revenues. Michael Doorly, chief executive of INM, has said the plan will involve specialising in certain areas and the company will have to invest in the transition.

"Before you start looking at charging for services, the service has to be pretty decent and it needs to have value," he said last month.

Schibsted, a Scandinavian media group that owns Irish site DoneDeal and part of property site Daft.ie, is seen as a model for the future of INM. The Oslo company owns the largest papers in Norway and Sweden but has invested widely in digital assets and has interests in 22 countries.

Schibsted is also seen as a potential acquirer of some or all of INM. A Schibsted spokeswoman said last week it did "not comment on rumours or speculation" as a policy.

court action being taken by the ODCE to appoint the inspectors. It is understood Drennan's affidavit contains information of which the INM board was not previously aware, including text messages and emails sent by Buckley.

The ODCE has also received information from Henry and Mizak, the IT expert, according to sources. It is understood the suspected data breach took place in late 2014. The former chief executive Vincent Crowley had stepped down in May that year and INM was run by a committee of four directors, including Buckley, until Pitt joined that October.

The ODCE believes Buckley introduced Henry and Mizak to INM, leading to the hiring of TDS. The tech company was given access to all INM's systems, though there was a specific trawl for data on 19 named individuals. The bill for TDS's services was paid in 2015 but INM was not involved in the transaction.

A source said the board and management of INM did not become aware of the issue until they were sent a copy of the invoice by the ODCE in August last year. It is understood the ODCE affidavit highlights the links between the various IT experts and O'Brien companies.

It also lays out the timeline of the data breach and a court action launched by O'Brien in October 2015 against Red Flag Consulting, a public affairs company. Red Flag is owned by former INM executive Karl Brophy and chaired by former INM chief executive Gavin O'Reilly.

O'Brien won a protracted corporate battle against Sir Anthony O'Reilly, the father of Gavin and also a former chief executive of INM, to become the group's largest shareholder in 2012. O'Brien's continuing case against Red Flag alleges that the group was involved with others in a conspiracy against him.

Red Flag strenuously denies the charges. That litigation has since drawn in a cast that includes businessman Declan Ganley, former TD Colm Keaveney and former IBRC executive Tom Hunersen.

After a board call last Saturday evening, the directors of INM are taking legal advice on whether the High Court will have sufficient grounds to allow the appointment of inspectors. The company is advised by David Byers, a corporate governance partner at McCann Fitzgerald, the company's law firm.

One source said: "The new directors are scratching their heads about all of this. And if the inspectors are appointed, all the former directors are all going to get dragged back in and asked questions."

Alongside McLennan, the new board members are John Bateson, head of Desmond's International Investment and Underwriting; former KPMG audit partner Seamus Taaffe; and Fionnuala Duggan, managing director of KNet365 Learning. The other INM directors are Doorly, Len O'Hagan, Terry Buckley, Paul Connolly and Triona Mullane.

"This is a matter for the company but clearly also a matter for Leslie Buckley," said a source close to INM. "He was in situ for some or all of the period."

INM said an inquiry by inspectors could result in "material costs", which would dent its profits. Those costs would come on top of significant expenses already incurred in relation to the existing ODCE investigation and a €1.5m severance payment to Pitt.

INM's share price dipped over 6% last week after the ODCE news, valuing the business at €127.5m, despite its €91.5m cash balance, and earnings before interest, taxes, depreciation and amortisation of €41m. The company said it was focused on its day-to-day business continuing as normal, including the execution of a new strategy (see panel, above).

In an affidavit in the case taken against him by the ODCE, meanwhile, Buckley noted: "I make my living as a company director." An investigation by inspectors, if appointed, would last a protracted period of time and could have serious implications for all parties involved.

### AIB Consumer Reference Rate Changes effective from 27th March 2018

Current: Base Lending Rate*	0.000%	Previous: Base Lending Rate*	0.000%
Current: Prime Interest Rate**	0.125%	Previous: Prime Interest Rate**	0.125%
Current: Credit Line Interest Rate	2.125%	Previous: Credit Line Interest Rate	2.125%
*This rate is only available for facilities in excess of 50,000		**This rate is not available for new loan facilities	
Facilities based on these reference rates are also subject to an agreed interest margin. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland.			

