

Sport
Football



A curious case of Blackpool v ownership rules

A Latvian banker could break the Oyston grip on the League One club but is barred under the EFL owners' test

David Conn

At Blackpool, a football club that retains a seaside air of old-school dash despite its modern disgraces, an end to turmoil lies just over the horizon, not yet in sight. Having recently mourned the passing of their former captain Jimmy Armfield, universally celebrated as one of English football's most upstanding gentlemen, Blackpool today are a testing ground for the rules determining who is a fit and

proper person to run a professional football club.

Owen Oyston, the club's long-term owner, and his son, Karl, were ruled by a high-court judge in November to have taken out £26.77m in an "illegitimate stripping" of the club following their 2010 promotion to the Premier League, which was lauded as romantic at the time. They were ordered to pay the minority shareholder Valeri Belokon, whom they missed out while taking so much money for themselves, that sum, £26.77m, plus the £4.5m original cost of Belokon's shares, his very considerable legal costs and interest.

The judge, Mr Justice Marcus Smith, described the Oystons' massive payments as "of the greatest prejudice" to Blackpool; their conduct amounted to "fundamental breaches" of their directors' duties, which included, at their most

basic, to run the company "for a proper purpose".

Yet they remain legitimately the owners according to the Football League's rules, and Owen Oyston a director – although Karl is no longer one after an apparent falling out with his father. Owen's daughter, Natalie Christopher, is the club's only other director, while Karl's son, Sam Oyston, was until a fortnight ago the chief executive. The Football League's "owners' and directors' test" still considers the Oystons to be fit and proper, despite the high court finding they conducted themselves improperly. The other EFL clubs should consider that glaring contradiction when making their recommendations to the review into how the rules could be strengthened.

Introduced in 2004 after a series of ownership scandals and insolvencies, the test remains a limited protection. People are not barred as directors for running clubs appallingly, even for being in actual breach of directors' duties or, as in the Oystons' case, for seriously alienating supporters who protested about their financial draining of the club.

The "not a penny more" boycott of the club while the Oystons remain in charge, which is still being adhered to by most supporters, was first seriously followed after the Oystons began suing fans for comments mostly made on social media. Tim Fielding, the honorary vice-president of the Blackpool Supporters Trust, was one of those sued; he says it was a desperately worrying time for him and his family, and he ended up paying the Oystons £10,000 to settle the action and £10,000 in legal costs.

The owners' and directors' test is restricted to barring people who have been directors or owners during two club insolvencies, or have an unspent criminal conviction for a criminal offence involving dishonesty.

Owen Oyston does have an unspent criminal conviction, for rape, but is still considered a fit and proper person to own and run Blackpool. This is because all criminal offences – and football club insolvencies – before the 2004 introduction of the test were discounted. So despite widespread horror at the sexual abuse now known to have infested football in the recent past, the game's rules allow a rapist, whose conviction can never be spent because of the length of his prison sentence, to legitimately own a club.

The Oystons managed to meet the first £10m instalment of their devastating bill to Belokon in December by taking out a loan but then missed the 31 January deadline to pay the second £10m.

At a 5 February court hearing, Smith refused the Oystons' request to be given more time and instead granted Belokon the immediate right to recover the roughly £25m owing, through an enforced sale of the Oystons' assets. Belokon's "hands are completely untied", Smith ruled, "so far as the assets of the [Oystons], including the football club, are concerned".

Belokon, a Latvian banker whose investment was key to Blackpool



▲ Blackpool fans have been protesting against Owen Oyston (left) and his ownership of the club for years
KIERAN MCMAHON/DP/REX/SHUTTERSTOCK

£26.77m

The amount Owen Oyston and his son Karl were ruled to have taken in an 'illegitimate stripping' of Blackpool

£10m

The first instalment of the devastating bill to Valeri Belokon the Oystons managed to meet in December

winning their 2010 promotion, was frozen out after that and the court judgment revealed how his executives protested at the financial draining of the club. The determination with which Belokon pursued his court action, arguing he was unfairly prejudiced as a shareholder, the disclosures that he had wanted to invest in the club, and his well-mannered personal approach has won the respect of many fans. In a statement following the 5 February hearing Belokon addressed supporters: "I would like to reassure you I do not intend to take steps in enforcing the judgment that might jeopardise the future of Blackpool. I hope the Oyston family will also seek to ensure the club is protected over the coming months."

Belokon gives every sign of wanting to own the League One club and, as he has the legal right to take any of the Oystons' assets, that would seem the obvious conclusion to a hideous few years for Blackpool. Yet that outcome is closed to Belokon – because unlike the Oystons, he is barred from being the owner or director of a football club.

Last February the court of appeal in Paris set aside a \$15m arbitration award made to Belokon against the government of Kyrgyzstan, stating there were "serious, specific ... indications Insan Bank was taken over by Mr Belokon in order to develop ... money-laundering practices". The court found that Belokon's bank had made \$5.2bn in transactions in two years and eight



Valeri Belokon has the right to seize £25m of Oyston assets

months, more than the entire annual GDP of Kyrgyzstan: "Such a dazzling success in such a short time in such a poor country cannot be explained by orthodox banking practices," the judgment said.

The Kyrgyzstan government followed that in May with a criminal conviction and 20-year jail sentence against Belokon, who did not attend court. He resigned from Blackpool's board, and the club, controlled by the Oystons, announced Belokon had been barred under the EFL's owners' and directors' test.

Belokon lodged an appeal against the Paris judgment last May; according to his executives he argues the conviction in Kyrgyzstan was politically motivated and violated his right to due process. Smith also expressed his surprise at the EFL disqualification, saying in his November judgment: "It does seem extraordinary that a conviction not on the merits but based on non-attendance by Mr Belokon should have this effect." However, he did not refer to the Paris judgment and added: "I know nothing of the background."

The Blackpool Supporters Trust, which has campaigned relentlessly against the Oystons' stripping of the club, plans to demonstrate at the EFL's offices on Friday, against what they argue is inadequate governance of football clubs. However, an EFL spokesman, while confirming the league is in dialogue with Belokon's lawyers, indicated there will be no reversal of the disqualification. "In regard to any potential change of control at the club, our requirements remain clear and are clearly set out within our regulations," he said. "Blackpool will be treated no differently to any other club who participate in the EFL."

So, while Belokon is a free man in England and has a £25m high court judgment to enforce against any of the Oystons' property and other assets, the gory stalemate at Blackpool continues.