

**IN THE MATTER OF AN APPEAL AGAINST EXPULSION FROM  
THE FOOTBALL CONFERENCE**

**UNDER THE RULES OF THE FOOTBALL CONFERENCE LIMITED  
AND THE REGULATIONS FOR FOOTBALL ASSOCIATION  
APPEALS**

**FA APPEAL BOARD (CHAIRMAN: NICHOLAS STEWART QC)**

**BETWEEN:**

**SALISBURY CITY FOOTBALL CLUB LIMITED**

**Appellant**

**-and-**

**THE FOOTBALL CONFERENCE LIMITED**

**Respondent**

**Reasons for Appeal Board Decision 5 August 2014**

**Introduction**

1. This Appeal Board has dismissed an appeal by Salisbury City Football Club Limited (“the Club”) against its expulsion from the Football Conference by a 4 July 2014 decision of The Football Conference Limited (“the Conference”). The basis of the 4 July decision (“the

Expulsion Decision”) was the failure of the Club to comply with financial requirements imposed by an earlier decision of the Board of the Conference.

2. The Appeal Board, whose members are Mr Nicholas Stewart QC (Chairman), Mr Barry Bright and Mr Stuart Ripley, held an oral hearing of the Club’s appeal at Wembley Stadium on Tuesday 5 August 2014. At the conclusion of the hearing on that day the Appeal Board announced our decision to dismiss the appeal.
3. These are the written reasons for our decision, requested under 3.7 of the FA *Regulations for Football Association Appeals* (“the Appeal Regulations”). The Appeal Board is unanimous on both the decision and the reasons.
4. These written reasons explain why and how the Appeal Board has come to our decision to dismiss the appeal and also explain the key points of the slightly unusual procedural course of the appeal. We do not set out a detailed point by point account of all the relevant events and documents or mention every submission put to the Appeal Board in the course of these appeal proceedings, which included numerous emails as well as more formal submissions. That is not necessary and would make these reasons unhelpfully long.
5. The Appeal Board has considered some 400 pages of documents in deciding this appeal.

## **The Club and its sale in May 2014**

6. The Club is a long-established football club with a valued history and strong, loyal support. The Appeal Board fully appreciates the devastating footballing effects of expulsion of the Club from the Conference, for supporters, players, coaches and all other employees.
7. Like most professional and semi-professional football clubs these days, in legal terms the Club is a limited company Salisbury City Football Club Limited (“the Company”). That also means that in legal terms it is the Company which has been expelled from the Football Conference and it is the Company which had the right to appeal in accordance with the rules and procedures of The Football Association and the Conference.

8. In May 2014 the ownership of the Club changed hands when it was sold for £1. That nominal price reflected the debt-ridden financial position of the Company which owned and ran the football club. The change of ownership was done by sale of shares in the Company.
9. That transfer of ownership was mainly done by a Share Purchase Agreement dated 15 May 2014 (“the SPA”). The sellers were Mr William Harrison-Allan and Mr Jeffrey Neil Hooper and the buyers were Mr Outail Touzar and Mr Mark Wayne Winter. Mr Touzar acquired 702,312 ordinary shares of £1 each, which constituted 81.9% of the issued ordinary shares. Mr Winter acquired 1.67% of the issued ordinary shares.
10. The SPA was completed on the same day it was signed. As expressly provided by the SPA (clause 4.2 and Schedule 2) completion included the delivery to the buyers of executed transfers of the sale shares and the written resignations of the board of directors. That was entirely normal procedure on the sale of such a large controlling interest in a company and enabled the new owners to appoint a new board. From 15 May 2014 onwards, it was Mr Touzar’s 81.9% shareholding which called the shots in the running of the Company. This Appeal Board does not need to speculate whether Mr Touzar was or has been at any time since acting under the direction of others in relation to that shareholding. If so, then those others did not include the SPA sellers or anyone in any way connected with them.
11. As from 15 May 2014 control of the Company and the ownership and running of the football club passed out of the hands of the SPA sellers. In legal terms they had sold an overwhelmingly controlling shareholding to Mr Touzar (i.e. not just a 50%+ majority but a shareholding well over the legally significant 75% threshold). In practical terms, notwithstanding Mr Winter’s 1.67% and the remaining minority shareholdings of just over 16%, they had sold the Club to Mr Touzar.

### **The Club’s finances: Conference decisions**

12. The Conference owns and runs its Competition consisting of three divisions, which in the English football pyramid come immediately under League Two of the Football League. They are the Conference Premier and, immediately under the Conference Premier, two divisions of

equal standing, Conference North and Conference South. It is one of the crucial concerns and responsibilities of the Conference to ensure the financial stability of the Football Conference and its member clubs. This involves continual and frequent contact between officers of the Conference and the member clubs in relation to club finances, especially where a club is in a weak or precarious financial position.

13. In May 2014, Salisbury City FC was clearly in a precarious financial position: for example, there were unpaid players' wages for April 2014. The weakness of its financial position was reflected in the 15 May 2014 sale for £1. As a result of the sale, from that date onwards the concerted discussions between the Conference and the Club which took place about the Club's finances were largely conducted with Mr Touzar on the Club side.

14. Later below we examine in more detail the outcome of those discussion and the key decisions of the Conference, including especially the all-important Expulsion Decision challenged on this appeal. In summary the decisions were:

- (1) Friday 6 June 2014: Decision of the Conference Board that (among other items) the Club must provide a £50,000 cash bond by 12 June 2014 and confirm that all Football Creditors had been paid, failing which the Club would be expelled from the Conference and its Competition or relegated to Conference South.
- (2) Friday 13 June 2014: Further decision of the Conference Board: Because the Club had failed to comply with requirements of that 6 June 2014 Board decision it was relegated to Conference South. If by 5 pm on Friday 4 July 2014 a bond (or bank guarantee) for £50,000 was not deposited by the Club's solicitors and all football creditors not settled in cleared funds, the Club would be expelled from the Conference and its Competition.
- (3) Friday 4 July 2014: The Club had failed to comply with either of the requirements of the 13 June 2014 Board meeting. The Conference's General Manager Mr Dennis Strudwick wrote to Mr Touzar as Chairman and Acting Secretary of the Club that he had therefore been instructed to invoke the 13 June 2014 decision and inform the Club that it has been expelled from membership in accordance with Article 5.2 of the Conference's Articles of Association.

15. There is no doubt that the Club had failed to meet those requirements of the £50,000 bond and full payment of football creditors, by either the 12 June or the 4 July deadline. On this appeal no one has disputed those failures.

### **Notice of appeal against the Relegation Decision**

16. It is accepted by everyone involved that under the applicable regulations, which are the Regulations for Football Association Appeals, any appeal against a decision of the Conference (including the Conference Board) must be commenced by notice of appeal lodged with the FA within 14 days after notification of that decision. Notification to the Club of each of those three Conference decisions had been done on the day of that decision. It follows that a notice of appeal against the relegation of the Club to Conference South had to be lodged by 27 June 2014 and an appeal against its expulsion from the Conference by 18 July 2014.
17. In case there might be any confusion caused to readers of these reasons, we mention that the Appeal Regulations for Football Association Appeals as set out under that precise heading in Appendix A to the Conference membership rules do not exactly match the actual *Regulations for Football Association Appeals* as published by the FA. However, the differences are trivial and none is material for these appeal proceedings.
18. Mr Touzar on behalf of the Club did express a clear wish to appeal against the Relegation Decision. In his email to the FA (Mr Brian Faulkner) 27 June 2014 16:35 he wrote: “I am writing to appeal the decision of the Football Conference dated 13 June (copy enclosed) to relegate Salisbury City FC (“the Club”) from the Football Conference to Conference South.
19. That email was sent on the last of the 14 days for a notice of appeal. There is no provision in the applicable rules for extension of that time for the notice of appeal. On 3 July 2014 Mr Mark Ives, the Disciplinary Manager of the FA’s Governance Division, informed Mr Touzar that he had not submitted a notice of appeal which complied with the requirements of the *Regulations for Football Association Appeals*, specifically the requirement to set out grounds of appeal and to have sent the applicable appeal fee with the notice of appeal.

20. That view may seem hard but it was correct. The regulations are clear on these points and the Club did not submit a valid notice of appeal against the Relegation Decision within the 14 days allowed.
21. The FA therefore declined to accept an appeal at all against the Relegation Decision. The effect was that as the FA considered that no appeal against that decision had ever been commenced, it did not appoint an Appeal Board in relation to the Relegation Decision. This Appeal Board has been appointed only to deal with an appeal against the Expulsion Decision.
22. We do make it clear, however, that although we had not been appointed in relation to any appeal against the Relegation Decision, if we had disagreed with the FA's refusal even to accept that such an appeal had been commenced, we should have invited the FA to appoint us also as an Appeal Board to rule on that issue as well. We have little doubt that such an invitation would then have been accepted. However, we have examined the question whether there was any valid notice of appeal against the Relegation Decision and in our view there clearly was not. Our task therefore concerns only the Expulsion Decision.

## **Two notices of appeal against the Expulsion Decision**

23. Mr Touzar sent an email to the FA (Mr Mark Ives) on 18 July 2014 which was accepted by the FA as a valid notice of appeal against the Expulsion Decision. The grounds of appeal were not very clearly set out, to put it mildly, but reasons for challenge to the Expulsion Decision could be extracted from the email and it was within the 14 day time limit. The Conference expressed concerns and on 27/28 July 2014 Mr Ives invited and received confirmation that the Club relied on two grounds in 1.5 of the Appeal Regulation, i.e. that the Conference had:
- failed to comply with the rules and/or regulations relevant to its decision [1.5(2)]; and
  - come to a decision to which no reasonable such body could have come [1.5(3)]

24. On that same day 18 July 2014 the FA received a letter from solicitors IPS Law LLP, headed “Re: Salisbury City FC – Appeal against expulsion from the Football Conference” in the following terms:

“We are in receipt of your letter of 4<sup>th</sup> July 2014 informing Salisbury City Football Club of expulsion from membership of the Football Conference.

The Club deeply regrets this action particularly as:-

- (1) It has deposited funds with solicitors on account to pay all football creditors and;
- (2) The new shareholders are prepared to undertake to deposit a bond of £50,000 by 1<sup>st</sup> August 2014 as was explained to the football conference.

The previous shareholding of Mr Touzar has been rescinded.

In the circumstances please treat this as an appeal against the decision to expel and/or an application to review the decision in the light of a material change in circumstances.”

25. IPS Law had not actually been instructed by Salisbury City Football Club Limited. We return below to the question of IPS Law’s and their actual clients’ position in relation to the Club, and their standing in these appeal proceedings. First, however, we record the pragmatic course adopted by the FA in the unusual situation of two notices of appeal arriving from two different (and apparently conflicting) sources, each purporting to be lodged on behalf of the Club.

26. The FA treated each as a notice of appeal sufficient to commence an appeal under 1.1 of the Appeal Regulations, despite the IPS Law letter setting out no grounds of appeal. It asked Sport Resolutions (UK), the specialist independent dispute service, to appoint an independent chairman of an FA Appeal Board which would determine the two separate appeals regarded as having been commenced by the two separate notices of appeal. On 28 July 2014 Sport Resolutions appointed Nicholas Stewart QC as the chairman of this Appeal Board.

## **The position of IPS Law and its clients**

27. The FA's approach to those two separate notices of appeal was a fair and practical way of holding the position until the proceedings could come before an Appeal Board.
28. Once the proceedings had arrived before the Appeal Board, one of our tasks was to sort out the issue of what were in practical terms two rival appellants, each claiming to speak and act for the Club.
29. The starting point was that despite the two appeal notices, there was and could be only one appellant: Salisbury City Football Club Limited, the legal entity which owned and ran the Club. The appeal should be conducted for that company by whoever were currently the proper agents with the lawful authority to act on the Club's behalf.
30. Exactly a week before IPS Law wrote to the FA on 18 July 2014, another firm of solicitors Onside Law had written to Mr Touzar on 11 July 2014. That letter said that Onside Law were instructed by William Harrison-Allan, Jeffrey Neil Hooper and Mark Wayne Winter, who were also IPS Law's clients in connection with this matter. It gave Mr Touzar formal notice that each of their clients had elected to rescind the Salisbury SPA with immediate effect as a result of Mr Touzar's fraudulent misrepresentations. Details of those alleged misrepresentations were set out and on the last page, under the heading "Rescission and its effects", Onside Law wrote:

"As a result of your above fraudulent misrepresentations, our clients have exercised their right to elect to rescind the Salisbury SPA.

This means that the Salisbury SPA is treated as having been immediately set aside and the parties are put back into the position that they were in immediately prior to its signing. Our clients will be taking all necessary steps to give effect to this rescission, including reversing the shareholdings of the Club which have arisen as a result of the Salisbury SPA and informing Companies House and other relevant authorities accordingly.



You must immediately cease to hold yourself as having any ownership or other interest in the Club, failing which we anticipate that formal legal proceedings against you will follow.”

31. The letter also included a fairly detailed and non-exhaustive list of the alleged misrepresentations. There is no value in setting out those allegations here. We note simply that the overall thrust of the allegations was that Mr Touzar had given a deliberately false picture of the level and reliability of financial support for the Club which would be provided after he had taken over the Club on completion of the SPA. This Appeal Board could not possibly have attempted to decide whether those allegations were justified and whether, if they were, those clients of Onside Law and IPS Law had validly rescinded the SPA by that 11 July 2014 letter. No one connected with this appeal, including IPS Law and those clients, has ever suggested that we could or should have made that attempt. On or about Friday 1 August 2014 Mr Harrison-Allan and Mr Winter issued a claim form against Mr Touzar in the High Court, Chancery Division, claiming that they had rescinded the SPA for fraudulent misrepresentation. If Mr Touzar resists that claim, it will need to be resolved by the court. No court hearing had taken place in those proceedings by the time we heard this appeal. Moreover, all concerned – including Onside Law’s/IPS Law’s clients – accepted the need for this Appeal Board to decide before the 9 August 2014 start of the 2014-15 season whether Salisbury City FC was in or out of the Conference.

32. It was clear to the Appeal Board that for the purposes of this appeal:

- (1) IPS Law’s clients claim to have recovered ownership of the Club remained an unresolved issue. The claim might or might not eventually turn out to be correct but the Appeal Board could not know or predict the outcome.
- (2) The legal ownership and control of the Company and the Club were still in the hands of Mr Touzar (with or without associates), as the registered holder of over 80% of the issued ordinary shares who had replaced the old board with his own people as directors upon completion of the purchase on 15 May 2014.
- (3) From 15 May 2014 onwards the Conference could only have been expected to deal with the new owners of the Club. Unless ordered by the court (which did not

happen), the Conference could not reasonably have treated IPS Law's clients as the owners unless the new owners accepted rescission of the SPA or the court so decided, neither of which had happened.

- (4) The legal authority to conduct this appeal on behalf of the Club lay with Mr Touzar, not IPS Law's clients.

33. On Wednesday 30 July 2014 the Appeal Board directed IPS Law's clients (whom we designated "Appellant A") to make a written submission of the basis on which it claimed authority to present and conduct this appeal on behalf of the Club. The initial deadline of 16:00 on Friday 1 August 2014 was later extended to 18:00 that day. IPS Law's clients missed that deadline and sent their submission in to the FA after 22:00 on Saturday evening 2 August. The Appeal Board considered the matter on the Sunday and on the Monday morning 4 August 2014 IPS Law's clients were notified in writing of our decision that they should take no further part in the appeal.

34. The Appeal Board recognises that if IPS Law's clients do succeed in their claim to have rescinded the SPA and do recover ownership of the Club, their interests will have been seriously affected by the expulsion of the Club from the Conference in July 2014. However, in our view that did not justify their continuing participation in this appeal. The Club was the appellant and it was Mr Touzar (by which we mean Mr Touzar or Mr Touzar and any associates) who had the legal standing to conduct the appeal on its behalf. We did not consider that the additional participation of IPS Law's clients was necessary or helpful for the fair and timely determination of the appeal.

35. The Club's appeal therefore proceeded in the hands of Mr Touzar, with the hearing due to take place on Tuesday 5 August 2014.

### **The appeal hearing on Tuesday 5 August 2014**

36. The Appeal Board received notification on the morning of the hearing on Tuesday 5 August 2014 that Mr Touzar had been unable to make arrangements to attend the hearing himself or for any other representative to attend on behalf of the Club. It had already become clear that

the Club would not be instructing lawyers on this appeal, apparently because its bank account was frozen (though not, as far as we know, frozen by any court order).

37. Mr Touzar did make some written submissions by email and he also offered to participate in the hearing by telephone. However, although the FA made the necessary practical arrangements, in the course of several attempts we only managed to establish a connection once with Mr Touzar and it was cut off after a minute or so. There was therefore no effective participation by the Club in the oral hearing.
38. There was no request by the Club, the Conference or by IPS Law's clients for an adjournment of the hearing and the Appeal Board did not consider it necessary either. It would obviously have been preferable to have the Club's active participation in the hearing but we considered it fair to proceed on Tuesday 5 August, particularly given the urgency of the matter.
39. The Conference was represented by counsel Mr Nick de Marco, instructed by Clintons solicitors for whom Mr Mel Stein attended. They were accompanied by the Conference's General Manager Mr Dennis Strudwick and its Management Accountant Mr Fraser Tooley.
40. The function of the Appeal Board is to decide the appeal even-handedly between the parties. That is elementary. In performing that function, we note precisely the wording of 1.1 of the FA's General Provisions applicable to Appeal Board hearings:

“In the interests of achieving a just and fair result, procedural and technical considerations must take second place to the paramount object of being as just and fair to all parties.”<sup>1</sup>

We are not bound by strict rules of evidence and under the Appeal Regulations also have wide flexibility to accept new evidence.

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<sup>1</sup> *General Provisions Relating to Inquiries, Commissions of Inquiry, Regulatory Commissions of the Association, other Disciplinary Commissions, Appeal Boards and Safeguarding Review Panel Hearings*: FA Handbook 2013-2014, pages 382-384.

41. Our approach to the hearing was to require counsel for the Respondent to take us step by step through the process by which the Conference had come to the Expulsion Decision on 4 July 2014, and to identify at each step the relevant Conference article or rule which applied and which gave the Conference the power or authority in relation to that step. In the absence of any representative of the Club, we saw our task as requiring us to adopt a distinctly testing and questioning approach on each point, so that we should be able to identify any flaws in the process or any doubt as to the reasonableness of the Conference decisions which culminated in the Expulsion Decision.
42. We did invite those accompanying Mr de Marco to supplement his submissions with factual information where they had been directly involved themselves. Mr de Marco was content with that course. We particularly invited Mr Tooley to take us to key financial documents which he had discussed directly with Mr Touzar. Information given to us by Mr Tooley was certainly helpful to our understanding of the background but none of it could be regarded as factually questionable. Technically some of it was evidence as opposed to just explanation, but it was not evidence of a sort which could realistically have been open to challenge if the Club had been represented at the hearing.

### **The process leading to the Expulsion Decision**

43. The Club has a history of financial difficulties. In March 2010 it had come out of administration with a creditors' voluntary arrangement (CVA) paying about 24 pence in the pound. That did not comply with the Conference rules and the Club was expelled from membership – a decision upheld by an FA Appeal Board.
44. It then quickly got back into the Conference after two promotions but ran into further financial disciplinary problems, leading to a fine and a suspended points deduction in 2013.
45. We note this background, but it is important to appreciate that it is the current financial soundness of a club which is the true concern of the Conference. Many football clubs run into problems and a genuine recovery or turn-around will quickly consign past problems to ancient history. A change of ownership may help, though not always.

46. This Club, however, had unpaid football creditors and HMRC debts for much of the 2013-14 season and was frequently placed under a player registration embargo. It was also subject to a CVA for the whole of the 2013-14 season and remains under that CVA as it has not yet paid outstanding supervisor's fees.
47. The Conference has the clear task of monitoring the financial position of all its member clubs so as to ensure as far as possible the stability of its Competition. One obvious concern is to avoid the serious disruption if a club starts the season but is unable to complete its fixtures for that season.
48. Various relevant powers and duties of the Conference, including the Conference Board, are contained in its:

(1) Article of Association; and

(2) Membership Rules.

The Appeal Board scrutinised both documents, including two versions of the Membership Rules, i.e. before and after amendments to the important Appendix E ("Budget Monitoring Scheme & Permitted Loans") which came into immediate effect following the Conference AGM on Thursday 12 June 2014.

49. On 15 May 2014, the same day as completion of the SPA, the Conference wrote to the Club expressing concern about non-payment of players' wages for April 2014 and HMRC's presentation of winding-up petition based on an unpaid £40,580. It was noted that the Club had been asked to submit its budget for the forthcoming season by 31 May 2014, which would enable assessment of whether or not the Club would be able to fulfil its responsibilities to the Competition for the full 2014-15 season. The letter said that the Conference Board was very concerned about the Club's continued ability to compete in, and complete, the next season; and that the Club needed to provide compelling evidence of its ability to fulfil all its fixtures as otherwise its membership of the Conference might be in jeopardy.

50. The Club did not pay outstanding wages or the HMRC debt. On 28 May 2014 the Conference wrote again, warning that a failure to respond in full to the 15 May 2014 letter and to settle all other outstanding football creditors, as well as the HMRC debt, would lead to a report to the Conference Board for consideration under Conference rules 2.11 and 2.17:

2.11: Any Club . . . found guilty of serious irregularities regarding players Contract payments under The FA Rules may be expelled from the [Conference] in accordance with the Articles of these Rules .”

2.17: “If during the course of a season the Board decide that the organization and management or finances of a particular Club fall below the standards appropriate to membership of the Competition, the General Manager shall be instructed to warn the Club at once that it may be excluded from membership of the Competition at the end of that playing season. [The Conference “season” runs from one AGM to the next, so the 2013-14 season ended on 12 June 2014.]”

51. By 3 June 2014 the Club had still not paid its football creditors and was given a further warning by a letter of that date. The importance attached to the payment of football creditors is demonstrated by rule 11 of the Conference’s Membership Rules:

“Where a Club defaults in making any payments to any Football Creditor, the Club shall be subject to such penalty as the Board of Directors may decide, including, but not limited to, an Embargo.”

52. There was then a Conference Board meeting on Friday 6 June 2014. Mr Touzar attended that meeting and there was discussion of the Club’s position. The Board decided to impose specific requirements and deadlines on the Club, failing which the Club would be expelled from the Conference and its Competition under Article 5.2 or would be relegated to Conference South. That was confirmed in a 10 June 2014 email from Mr Strudwick for the Conference sent to both Mr Touzar and Mr Winter.

53. Article 5.2 states:

“A member may be expelled by the unanimous decision of those present eligible to vote at a quorate meeting of the Board of Directors.”

54. Mr de Marco also drew our attention to article 5.3:

“Where a Member Club (Defaulting Club) defaults in making any payments to any Football Creditor the “Defaulting Club” shall be subject to such penalty as the Board of Directors may decide in addition to any Sporting Sanctions penalties to be imposed under the Rules.”

55. The deadlines and requirements were not met and on 13 June 2014 the Board decided on the lesser step of relegation to Conference South. As we have noted in paragraphs 20 and 22 above, there has been no valid appeal against that decision so we do not need to go further into that issue.

56. What is important to this appeal against the Expulsion Decision is that on 13 June 2014 the Board reiterated particular requirements originally imposed on 6 June 2014 but with a new deadline of 5.00 pm Friday 4 July 2014. It was resolved that if those requirements were not met by that new deadline, the Club would be expelled from the Conference and the Competition in accordance with Article 5.2. This was expressly notified to the Club by a letter from Mr Strudwick dated 13 June 2014.

57. The key requirements against that deadline were:

- (1) A cash bond of £50,000 to be held by Clintons solicitors in a Client account, or in the form of an irrevocable Bank Guarantee.
- (2) Confirmation that all Football Creditors had been paid in cleared funds.

58. Neither of those requirements was met by the deadline set. A Board meeting starting at 5:30 pm on Friday 4 July 2014 confirmed the expulsion of the Club. That is the Expulsion Decision under appeal.
59. This Appeal Board has examined those Board decisions against the relevant article and rules of the Conference. The Expulsion Decision was on its face clearly within the express powers of the Board under article 5.2, even without any need to have recourse to article 5.3(e) or rules 2.11, 2.17 or 11.
60. Accordingly, the Appeal Board does not find that the respondent Conference misinterpreted or failed to comply with the rules and regulations relevant to its decision, i.e. the first ground noted in paragraph 23 above.
61. That still leaves the question whether the Expulsion Decision by the Conference Board was a decision to which no reasonable such board could have come, i.e. the second ground noted in paragraph 23 above. On the particular facts of this case, that includes the question whether the requirements and deadline imposed by the Board on 13 June 2014 were themselves both within the Board's powers and reasonable.
62. The test for the Appeal Board on this appeal is not what we should ourselves have decided if we had been in the position of the Conference Board on 13 June and then on 4 July 2014. That is not to say that we should have reached a different decision, but that is not a question to be answered one way or the other on this appeal. The Expulsion Decision was for the Conference Board, not us. As long as the Conference Board made its decision fairly, reasonably and in accordance with the Conference's Articles of Association and Membership Rules, this Appeal Board has no power to set it aside. Within the range of decisions on which there could be reasonable differences of opinion, expulsion of the Club was a matter for the judgment of the Conference Board and not for this Appeal Board. Only a decision outside that range can be set aside.
63. By the time of the 13 June 2014 Board meeting, the Conference had received from the Club a provisional Pre-Season Budget for the 2014-15 season. It had been the normal procedure for



some years for the Conference to require such budgets from all member clubs, which might be approved, either unconditionally or conditionally, or rejected.

64. Mr Tooley and Mr Touzar had sat down together shortly before the 6 June 2014 Board meeting and gone through the proposed budget and draft balance sheet. A first version of the balance sheet produced by the Club had shown net current liabilities of £776,000 and an accumulated deficit of £473,991. The budget showed a projected deficit of £252,000 for the 2014-15 season.
65. Favourable adjustments were quickly and apparently legitimately made to the balance sheet, as it appeared that more than £500,000 of directors' loans had been written off and that the overall liability under the CVA should be reduced by about £60,000. The result was that net current liabilities went down to £141,486 and the accumulated deficit to £160,709
66. Mr Tooley also worked with Mr Touzar to revise the budget so as to produce a projected deficit of just over £52,000, on the footing that Mr Touzar was saying that he could provide £200,000. This was still a budget which at best allowed little margin for error but it was apparently regarded by Mr Tooley and Mr Touzar as manageable.
67. The revised provisional budget was dependent on that injection of £200,000. There was no solid assurance that those funds would be produced. Accordingly, at the Board meeting on 6 June 2014 there was discussion about requiring a bond to provide some assurance of substance and earnest. A bond of £100,000 was discussed but in the end the Board decided that £50,000 would be enough.
68. As stated in paragraphs 55 and 56 above, the bond was not provided by the deadline of 13 June 2014 but the same £50,000 figure was retained when the Board meeting on 13 June 2014 repeated the requirements with the new deadline of 4 July 2014. The new form of Appendix E to the Rules, which had come into force the previous day at the AGM, expressly set out terms on which a Pre-Season Budget might be given Qualified Approval, including the imposition of a bond. That reflected in explicit terms a practice adopted for several years of requiring bonds as a condition of Qualified Approval. We were told at the hearing, and have no reason to

doubt, that bonds of £100,000 had been required on a number of occasions from other clubs and that £50,000 was less than the normal range. Of course, the level of bond in every case must be reasonable in the financial circumstances of the particular club at the time but we cannot see how £50,000 was an unreasonable requirement in this case. The Board could reasonably have asked the Club for a larger bond.

69. It is expressly stated in that Appendix E that in order to be eligible to participate in the Competition for the following season the Pre-Season Budget must be given either Unqualified or Qualified Approval.

70. We do not need to set out other detailed items which would reasonably have reinforced the Conference's doubts about the Club's financial viability for the 2014-15 season. We are fully satisfied that the requirements originally imposed by the Board on 6 June and renewed on 13 June were reasonable, and that the deadline of 4 July 2014 was also reasonable. In our firm judgment it was then also reasonable to expel the Club from the Conference if it failed to meet those requirements, especially after the earlier warnings and the 6 June 2014 decision not to expel but to relegate the Club one division into the Conference South.

71. The Conference has a fundamental duty to further and protect the interests of the Conference and its Competition as a whole. In all its actions and decisions concerning the financial position of a member club, the Conference has a duty to act fairly not only towards that club but also to all the other member clubs. We are satisfied that the Conference has acted fairly towards Salisbury City Football Club Limited and that the expulsion of the Club from the Conference was a fair and reasonable step in all the circumstances.

### **Offers of financial support from IPS Law's clients**

72. The offer in points (1) and (2) of IPS Law's 18 July 2014 letter set out in paragraph 24 above was an offer which, if implemented, would have satisfied the two requirements imposed by the Board with the 4 July 2014 deadline. However, there are two fundamental problems about that offer:

- (1) It was made two weeks after the Club had already been expelled, so could not affect the validity of the Expulsion Decision anyway.
- (2) IPS's Law's clients were clearly not going to allow those funds to be used to pay off the Club's creditors and were not going to deposit a bond as long as the Conference continued to treat Mr Touzar (with or without Mr Winter and others) as the owner of the Club, and not them.

73. This Appeal Board does not know, and does not need to know, all the circumstances surrounding the SPA. The Club's financial situation had become dire under the ownership of Mr Harrison-Allan and his associates. It strikes us that so far as the sellers on 15 May 2014 wished to protect the long-term future of Salisbury Football Club, then on the sale of a more than 80% shareholding to Mr Touzar, some stronger checks on Mr Touzar's and his associates' plans and financial substance might have avoided many of the problems which evolved so quickly after the change of ownership.

## **Decision of Appeal Board**

74. We therefore dismiss the appeal. The effect is that Salisbury City Football Club Limited remain expelled and are no longer members of The Football Conference Limited.
75. We also direct that the appellant's appeal deposit is forfeited and under 3.3(5) of the Regulations for Football Association Appeals that it must pay £1200 by Tuesday 2 September 2014 towards the costs incurred by this Appeal Board.

76. The decision of this Appeal Board is final and binding and there is no right of further appeal:  
3.4 of the *Regulations for Football Association Appeals*.

Nicholas Stewart QC  
Chairman

Barry Bright

Stuart Ripley

11 August 2014