

PRIME MINISTER

I am sorry that I cannot attend Cabinet tomorrow since I will be on my way to Halifax, Nova Scotia, for a legal seminar.

Following our meeting yesterday, I spoke to the senior sequestrator and told him of our intention to provide indemnity. His firm (Price Waterhouse) were prepared to go to expenditure of £50,000 before they asked for help. Their inquiries so far have very nearly involved them in such an expenditure and he was very relieved to know that we would be able to back him, although I have advised him to continue to seek a bond in the city if he could obtain it. This does not mean, of course, that there is any going back *by* us in granting the indemnity.

He gave me some very interesting information. The £5m moved out of the Republic to America has now come back to Europe with about 5 million dollars in Luxembourg and the balance in Strasbourg and Switzerland. On the legal advice they are getting, he now intends to start actions in those three countries to freeze and ultimately to obtain an order for repayment to the United Kingdom and thus to the sequestrators of this money. He will do this whether he succeeds in Dublin or not on the 10 December for the balance of just a little over £2m. I think this is wise because there are a number of other actions pending against the NUM which may result in further fines.

SECRET.



He agrees with me that if the action by some working miners in court seeking to establish that the trustees acted in breach of trust in sending the money out of the country succeeds, then the court will appoint a receiver who would have the power to order the banks holding those funds to repay them to the United Kingdom and thus to the sequestrators.

I think in the end the indemnity will not be necessary, save perhaps for the undertaking to be responsible for any damages awarded if their action in Dublin fails and they cannot recover any of the money now in Europe.

It is ironic that the NUM Headquarters building in Sheffield is in fact owned by the National Coal Board and therefore there is no asset which could be used there.

It is also ironic that the only NUM houses which the sequestrators could trace are occupied by Mr Daley and Lord Gormley and I share the sequestrators view that it would not be politically wise to seek to put them out on the street and sell their ~~assets~~ houses.

M.H.

14 November 1984