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10 DOWNING STREET

THE PRIME MINISTER

10 February 1982

Dear Nicholas,

Thank you for your letter of 12 January about one I had received from Mr. Harry Sampson of Three Way Travel Limited.

I appreciate your concern over the Foden liquidation but I am advised that it is not yet possible to say, on the information available, whether there are grounds for an independent investigation.

The relevant powers are those of the Department of Trade to appoint inspectors to investigate the affairs of companies under Sections 164 and 165 of the Companies Act 1948. Additionally, officers of the Department may carry out confidential enquiries under Section 109 of the Companies Act 1967. But the powers relate principally to matters of fraud, misfeasance or other serious misconduct, mainly of a criminal nature.

If the company is wound up voluntarily, Section 334 of the 1948 Act requires the liquidator to report to the Director of Public Prosecutions if it appears to him that any past or present officer, or any member of the company has been guilty of any offence in relation to the company for which he is criminally liable and the Director of Public Prosecutions may, if he thinks fit refer the matter to the Department of Trade for further enquiry.

In this case Fodens Limited went into creditors voluntary liquidation (under the name of Denfo (Realisations) Limited (formerly Fodens Limited)) on 3 March 1981 and R.D. Atkins and A. Griffiths of Messrs Thornton Baker, Brazenose House, Brazenose Street,

/ Manchester,

JUP

Manchester, were appointed joint liquidators. I can tell you in confidence that following an earlier complaint from a Foden shareholder, the Department of Trade was informed by Mr. Griffiths that he was making enquiries into the previous history of the company and the actions of the directors but at that stage (June 1981) had nothing specific to report.

I fully understand the feelings of your constituents and have every sympathy with the Foden creditors but almost inevitably when adverse conditions force a company to cease trading some creditors suffer financial loss. It is sometimes argued by those not fully conversant with the law that, when a company is encountering difficulties, by delaying the appointment of the receiver or liquidator the burden of loss can be shifted to creditors who can more readily bear it. There is however a danger that those responsible for such a delay could be trading fraudulently and apart from any criminal liability might become personally liable for the company's debts under the provisions of Section 332 of the 1948 Act.

I am sorry that I cannot give you a more encouraging reply but I will arrange for the Department of Trade to keep in touch with the liquidator on the progress of his enquiries.

Yours sincerely,

MT

N.R. Winterton, Esq., M.P.



From the Secretary of State

Mike Pattison Esq
Private Secretary
10 Downing Street
London, SW1

Type to PM

cc. l. G.

MA

8th February 1982

Dear Mike,

You wrote to me on 19 January with a copy of a letter of 12 January the Prime Minister had received from Nicholas Winterton MP. This asked for an enquiry into the circumstances in which Fodens Limited, Sandbach, ceased trading, and commented on the letter of 5 January from his constituent Mr Harry Sampson, Managing Director of Three Way Travel Limited.

The only relevant powers for the investigation of a company's affairs are those contained in the Companies Acts of 1948 and 1967. On the information presently available there are no grounds for setting up an investigation, but it is possible that further information may emerge during the course of the ... liquidation. I enclose a draft reply to that effect.

Yours Sincerely,

Jonathan Rees

J N REES
Private Secretary

DRAFT

File No.

Copies to:

Originated by:
(Initials and date)

Enclosures:

Seen by:
(Initials and date)

Type for signature of

Prime Minister
.....
(Initials and date)

Addressed to:

Nicholas R Winterton Esq MP
House of Commons
London SW1A 0AA

Ref: NRW/cmh

DEPARTMENT OF TRADE ~~AND INDUSTRY~~

Thank you for your letter of 12 January ~~enclosing the copy~~
~~of the letter to me from your constituent Mr Sampson~~

about one from I had received
Hamj of Three Way Travel Ltd.

I appreciate your concern over the Foden liquidation but I am advised that it is not yet possible to say, on the information available, whether there are grounds for an independent investigation.

The relevant powers are those of the Department of Trade to appoint inspectors to investigate the affairs of companies under Sections 164 and 165 of the Companies Act 1948. Additionally officers of the Department may carry out confidential enquiries under Section 109 of the Companies Act 1967. But the powers relate principally to matters of fraud, misfeasance or other serious misconduct, mainly of a criminal nature.

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File No.

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I am sorry that I cannot give you a more encouraging reply but I will arrange for the Department of Trade to keep in touch with the liquidator on the progress of his enquiries.

HL

19 January 1982

I am writing on behalf of the Prime Minister to acknowledge your letter of 12 January.

I will place your letter before the Prime Minister and a reply will be sent to you as soon as possible.

M A PATTISON

N.R. Winterton, Esq., M.P.

ME

100 801

19 January 1982

I enclose a copy of a letter the Prime Minister has received from Mr. Nicholas Winterton, M.P., together with the letter from Mr. Harry Sampson to which Mr. Winterton refers. We have not seen the press reports quoted by Mr. Sampson.

I should be grateful for a draft reply for the Prime Minister's signature by Friday 5 February.

M A PATTISON

Jonathan Rees, Esq.,
Department of Trade.

M

NICHOLAS R. WINTERTON, M.P.
(Macclesfield)

CGW



12th January 1982 NRW/cmh

Rt. Hon. Mrs Margaret Thatcher MP
10 Downing Street
LONDON SW1

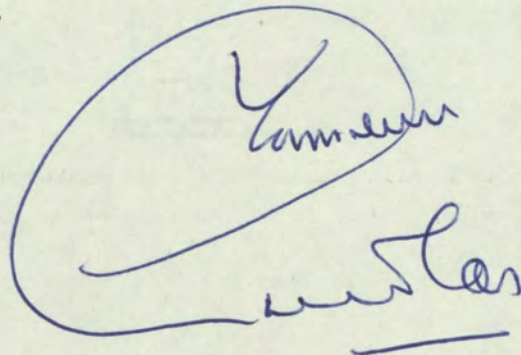
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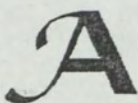
not 5/R
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PS
C.F.?

Dear Margaret,

My constituent, Harry Sampson Esq., Managing Director of Three Way Travel Limited, has forwarded to me a copy of his letter to you dated 5th January following a report in the Evening Sentinel that investigations are to be made into allegations by the workers who were sacked by Fodens Limited, Sandbach, when the company collapsed in 1980.

I have received representations from many constituents who were, at one time, employed by Fodens Limited, and I believe that the details outlined in Mr Sampson's letter warrant investigation. I feel I must advise you that I fully support the request that consideration be given to the appointment of an independent person to investigate the affairs of the company prior to it going into liquidation. I fully realise that consultation with the Attorney General might be necessary before any action is taken, but I would ask you to give serious consideration to the request, and I look forward to hearing from you in due course.


Sampson



The National Archives

LETTERCODE/SERIES <i>PREM 19</i>	Date and sign
PIECE/ITEM <i>811</i> (one piece/item number)	
Extract/Item details: <i>Letter from Sampson to Prime Minister dated 5 January 1982</i>	
CLOSED FOR <i>40</i> YEARS UNDER FOI EXEMPTION	<i>13 September 2012</i> <i>Wayland</i>
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	
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P.M. to probe Foden sackings

PRIME MINISTER Margaret Thatcher is investigating allegations that 1,900 workers, who were sacked when Cheshire truck makers, Foden Ltd., Sandbach, collapsed in 1980, have been unfairly treated.

The committee who represent the former truckmen wrote to Mrs. Thatcher outlining the reasons for their allegations and have received a reply that she is looking into the matter.

Their main complaint is that they were assured by the Official Receiver, Sir Kenneth Cork, that he would not consider selling the company unless all the 1,900 jobs there were saved.

"This assurance was given in a notice pasted to the works clock and notice boards from Sir Kenneth," said Mr. Alf Lightfoot, secretary of the unemployed Foden workers, today. "But subsequently the company were sold and all 1,900 were summarily dismissed."

"Only 356 of the total workforce were re-engaged by the American company who took over. This and other matters affecting our pension rights redundancy money and the fact that many had their dole docked to the amount of severance pay they had received, all serviced to show that we had been led up the garden path."

Mr. Lightfoot added: "We have asked Mrs. Thatcher if she will meet our representatives to discuss these instances. I don't suppose that will come about but she has assured us she is looking into our case."

"We are now awaiting her reply."

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16 December 1980

The Prime Minister has asked me to thank you for your letter of 10 December.

Your comments about Fodens have been noted. As regards your kind invitation, I am afraid it will not be possible for the Prime Minister to attend your Annual Dinner for members and wives. The reason for this is that the Prime Minister's speaking programme for the first nine months of next year has already been finalised and is extremely over-crowded. Added to this, Mrs Thatcher is planning an extensive overseas trip at that time.

I am sorry to have to send you this disappointing reply and would be grateful if you could pass this on to all your members.

TPL

J.D. Paybody, Esq.

SC.



10 DOWNING STREET

Mr. Halkett

ADDITIONAL PARAGRAPH

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Regarding your kind invitation, I am afraid it will not be possible for the Prime Minister to attend your Annual Dinner for members and wives. The reason for this is that the Prime Minister's speaking programme for the first nine months of next year has already been finalised and is extremely over-crowded. Added to this, Mrs Thatcher is planning an extensive overseas trip at that time.

I am sorry to have to send you this disappointing reply and would be grateful if you could pass this on to all your members. "

ef.

MANCHESTER BRANCH



British Institute of Management

President:
J. D. PAYBODY

Vice-Presidents:
E. RHODES
D. G. de BELDER

Registered in England No. 441975

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Hon. Treasurer:
J. R. B. GOULD
Seton Group
Tubiton House
Medlock Street
Oldham

The Prime Minister
10 Downing Street
London

10th December 1980

Dear Prime Minister,

You may recall me as the Chairman of Fodens Ltd. at Sandbach in Cheshire. I resigned on 3rd October last. I had written asking for your support to keep that Company alive. Your last letter dated 29th September 1980 referred to its acquisition by an American company (Paccar) as a going concern. Unfortunately I did not receive your letter until my return from South Africa and Zimbabwe at the end of October. You may be interested to know that Fodens won the Blue Ribband for truck design in South Africa last year and whilst I was at the factory in Johannesburg a Paccar truck was having a Foden axle fitted for a customer who considered that was necessary to make it "a real truck".

You may know that, since you wrote, Paccar insisted that all Foden's 1950 employees be made redundant one night and then they acquired 350 of them as "new starters" the following morning. The cost of this action is, perhaps, some three million pounds and is at the expense of the British Government and the Creditors. The Government, I gather, becomes an unsecured creditor and, if my American informants are correct, the price paid by Paccar for the main assets (the information has not been released in U.K.) is such that after the Bank has received its money little will be left for unsecured Creditors. We, Fodens, could not have done that but if it had been possible we could have survived strongly on our very profitable spares business until better times came.

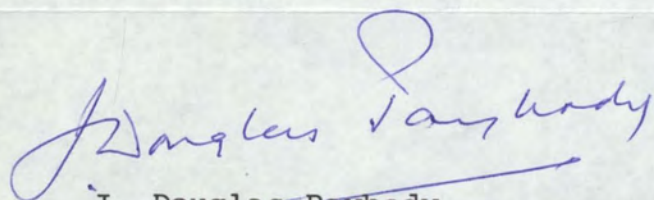
However, it is as the President of the British Institute of Management for the Manchester area that I write to you now. Each Spring we hold an Annual Dinner for members and wives. For 1980 this was held in Manchester Town Hall when the principal guest was the Duke of Edinburgh and he addressed a capacity gathering of some three hundred and fifty members, wives and local civic leaders.

It occurs to me that next Spring this event could be an excellent platform for you to address some of the Leaders of Industry and Senior Managers in this part of the provinces. We, the B.I.M., are by every inclination your supporters and admirers but some of us have felt recently a little lost and perhaps a little betrayed. Many of our wives work for the party and have similar feelings.

Of course you are so right about the battle for inflation and it could well be that by April 1981 you will even more strongly be able to say " I told you so".

Would it be possible for you to select in April 1981, a "Manchester Day" culminating in your being the Guest of Honour at the 1981 Dinner of the British Institute of Management in Manchester?

Yours sincerely

A handwritten signature in blue ink that reads "J. Douglas Paybody". The signature is written in a cursive style with a large loop at the top of the "J".

J. Douglas Paybody