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HOUSE OF COMMONS  
LONDON SW1A 0AA

1 August 1985

The Rt. Hon. Margaret Thatcher MP  
Prime Minister  
10 Downing Street  
LONDON SW1

*Dear Prime Minister*

I am writing to you formally to urgently request that you ask the Governor of the Bank of England to establish a public Tribunal of Inquiry into the affairs of Johnson Matthey Bankers and Johnson Matthey plc. As you will know, I have been concerned from the start, in letters to the Chancellor of the Exchequer and to the Governor of the Bank of England, about the continuing risk to public funds following the Bank of England's decision to rescue Johnson Matthey Bankers from collapse. I have consistently argued that the core of JMB's business - in the bullion and commodities markets - has been and remains commercially unsound and in my letter to the Chancellor of the Exchequer of 18th December, a copy of which I enclose, I issued a detailed analysis of JMB's accounts to justify this argument.

The Chancellor of the Exchequer has consistently passed the responsibility for replying to the Governor of the Bank of England. On 21st December I received a letter from Johnson Matthey Bankers Limited, a copy of which I also enclose, and a letter from the Governor of the Bank of England couched in such unequivocal language that I had only two alternatives; either to call for the resignation of the Chancellor of the Exchequer and the Governor, since I assumed that the Chancellor would not have let the Governor's letter to me stand if he did not accept it, or to accept their word that the bullion operations of JMB were perfectly sound. I decided to accept their word.

I am now, however, in possession of information which causes me grave concern and leads me to believe that the confident assertions in the letter from the Governor of 21st December are unfounded. I am told that -

Mr Dennis Selby, 36 years a JMB employee and manager of JMB's bullion business in London and, most recently, in New York, has been removed from his post;

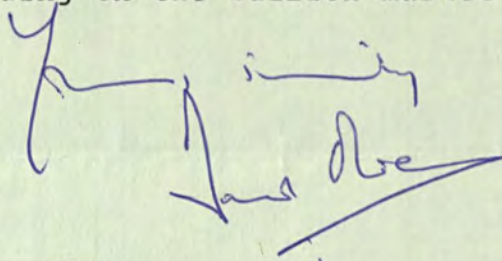
Mr Martin Stokes, the chief JMB bullion dealer in New York, has also been removed from his post;

I am further reliably informed that Johnson Matthey Bankers was in the habit of depositing large quantities of metals with JM plc in order to assist the industrial company and that these metal deposits have not been properly secured;

It has been put to me that the quantities of metal could be as large as 15 tons of gold, worth around \$150 million, and 200 tons of silver, worth around \$35 million. Were JM plc to go bankrupt, it is obviously vital, since public money is involved, to know whether Johnson Matthey Bankers can be repaid for these deposits and the exact nature of the arrangements that have been made between Johnson Matthey Bankers and JM plc;

There are several other matters causing concern as a result of Ernst & Whinney's report relating to the indemnity, but these are peripheral to the central question which relates to the soundness of Johnson Matthey Bankers' bullion operations.

I am sending a copy of my letter by hand to the Governor since, in my judgement, action needs to be taken by the Bank of England today and decisions announced no later than tomorrow. In the hope that you will act urgently, I do not intend to release this correspondence to the press at this moment and I hope you will be able to write back to me announcing the establishment of a Tribunal after the close of trading on the bullion market on Friday.

A handwritten signature in blue ink, appearing to read 'David Owen', with a long horizontal stroke extending to the right.

DAVID OWEN

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