

CONFIDENTIAL



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10 DOWNING STREET

*From the Private Secretary*

29 October 1985

ANSBACHER

The Prime Minister was grateful for your Secretary of State's minute of 28 October.

I am copying this letter to Rachel Lomax (H.M. Treasury) and to Henry Steel (Law Officers' Department).

David Norgrove

Michael Gilbertson, Esq.  
Department of Trade and Industry.

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PRIME MINISTER

2  
To write.  
DLS  
28/10.

ANSBACHER

At our meeting on 24 September, you asked me to consider, in consultation with the Attorney General, whether to institute an enquiry under Section 447, taking account of a letter which Lord Williams had sent to the Governor about the affair.

2 The Attorney General wrote to me on 27 September, after he had seen the letter that was written to the Governor. He did not consider that it was an adequate explanation and told me that the Director of Public Prosecutions thought that a Section 447 inquiry was the best way to see it. After careful consideration, I have decided that a Section 447 inquiry would be appropriate. From the limited evidence before us at present, there seems reason to believe that an interim statement may have been issued which at least some directors knew to be misleading.

3 I am very conscious, however, that banking supervision is outside my responsibilities. I am therefore exploring whether the Bank of England would prefer to undertake an inquiry using their Banking Act powers. If they are willing to front an inquiry that would be an effective equivalent to the Section 447 inquiry, I can see some advantages in proceeding in this way.

JF5ALW



4 I have considered whether my decision not to mount a Section 432 investigation on JMB might be unfavourably contrasted with action I now believe necessary on Ansbacher. I consider that the two cases are quite different and unconnected. The arguments against such an investigation into JMB - which are set out in my minute of 7 October to you - are quite unaffected.

5 I am copying this minute to Chancellor of the Exchequer, and the Attorney General.

L B

28 October 1985

Department of Trade and Industry

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Exam P01 Pt 14

Domestic Monetary  
Policy

