

DE LOREAN

The Prime Minister and the Attorney General had a meeting with Mr. Nicholas Winterton, MP, at 10 Downing Street on Wednesday 15 December at 1030 a.m. Mr. Gow and I were also present.

Mr. Winterton spoke on the lines of notes attached to this record. He added the following points. The story of his involvement began in September 1981 when he was contacted by a constituent of standing, who told him that a former employee of De Lorean had some disturbing information about the company. Mr. Winterton met this employee, who turned out to be Miss Marion Gibson, at the constituent's home. Miss Gibson made allegations which seemed serious and Mr. Winterton said that he could not take any action without supporting evidence. About a week later, he met Miss Gibson again at the house of the same constituent. She produced two folders of documents, some of which seemed to substantiate her allegations. Since he was not an accountant or a barrister, Mr. Winterton arranged for these documents to be sealed with a witness present and for them to be deposited in a Manchester bank. He contacted the Prime Minister's Parliamentary Private Secretary asking for an urgent meeting.

Mr. Winterton said that shortly afterwards Miss Gibson, having returned to the United States, rang up to say that insufficiently urgent action appeared to be being taken in Britain and that she was giving an interview to a journalist in the United States. Mr. Winterton said that he then telephoned 10 Downing Street and spoke to Mr. Pattison. On the following day, the Solicitor-General rang him on three occasions when Mr. Winterton was out. Mr. Winterton rang him back and the Solicitor-General said that the allegations appeared serious. The Director of Public Prosecutions also rang; both said that they were asking members of the Fraud Squad to call on Mr. Winterton to investigate the allegations.

/ Mr. Winterton

Mr. Winterton said that he arranged for the documents to be released from the Manchester Bank and received two officers of the Fraud Squad at 3 p.m. on Saturday 3 October. The officers took the documents away at the end of the interview. Shortly after they had left, the Director of Public Prosecutions rang and asked to speak to the officers but was told that they had left to return to Congleton Police Station. Mr. Winterton went to discover the telephone number of Congleton Police Station but by the time he returned the DPP had rung off and, since then, Mr. Winterton had had no contact with 10 Downing Street, the Law Officers or the DPP.

Mr. Winterton then spoke on the lines of his notes, adding that he thought it discourteous on the part of No. 10 to have put out a statement without warning him that they were doing so. When Mr. Winterton said that on Saturday 10 October the Attorney General had let it be known to the press that on the following Monday, 12 October, a statement was going to be made clearing De Lorean, the Attorney General intervened to say that he had not made any statement on the Friday that De Lorean would be cleared and was not in a position to do so since conferences were not held with the police officers on their return from the United States until the following Monday.

Having spoken from the attached notes, Mr. Winterton concluded by saying that he hoped that he would be given credit for not having exploited his position as a Member of Parliament by asking embarrassing Questions in the House as he could have done. He felt that he had behaved responsibly in taking the initiative in bringing allegations about misuse of public money to the attention of the Prime Minister's office. In return, he had received publicity that he did not want and, although everything he had said had turned out to be true, libel actions were continuing against him. He thought it significant that De Lorean had asked Lord Goodman to act on his behalf and Lord Goodman had instructed Lord Rawlinson, a former Conservative Attorney General. He felt

/ that there was

that there was here a "mini Watergate" involving a cover-up, although he was not aware of the reasons for it. But he was not prepared to sit back. The press were close to the story and a great deal of dirt was likely to come out in the press and in books which were being prepared. He felt entitled to ask that a Government Minister should acknowledge his part in the events and explain why the Government did not act sooner. He recognised that the Government could not cause the actions to be dropped, but he would like the Government to say that his allegations had proved well-founded. If not, he might be forced to make a public statement which would be damaging to the Attorney General and to the Government.

The Prime Minister said that the press did not learn in October 1981 of Mr. Winterton's involvement from the Government. Mr. Winterton acknowledged this, saying that, following a statement from No. 10, Miss Gibson had given Mr. Winterton's name to journalists. The Prime Minister and the Attorney General pointed out that Mr. Winterton was not under any obligation to broadcast the allegations, and the proper course would have been to refrain from comment since the matter was in the hands of the police. Mr. Winterton pointed out that he had been beseiged by journalists and he thought that, if this was the proper course, it would have been courteous for the Solicitor-General to have so advised him.

The Attorney General pointed out that the specific allegations made by Mr. Winterton, when investigated, had not produced any evidence of criminal activity. The first - that De Lorean had not invested what he claimed to have invested - was not a criminal offence: if there was any breach of contract with the Government, that was a matter to be pursued through civil proceedings. The second allegation - that payments had been made into a foreign bank account in connection with the design of the car - was the result of an agreement with the Lotus Company, which was well known to the Northern Ireland Office. The third allegation - that money had been spent on projects which had nothing to do with the car - was more likely to give

rise to complaints from shareholders than to involve any criminal activity. The fourth allegation - that the proposed public issue in New York would enrich De Lorean at the expense of the British taxpayer - could not by definition involve any criminal activity since the public issue had not occurred. There was a fifth allegation - that De Lorean had made fraudulent claims for compensation for the loss of his factory in Northern Ireland through fire. The facts were that De Lorean had received £450,000 which was agreed following an independent survey and had put in a claim for a further £10.5 million for loss of business: whether or not this claim was well founded it was one which De Lorean was entitled to make.

Mr. Winterton interjected that it was not for him to say whether there had been criminal offences: whether the matters should have been followed up by criminal or civil proceedings, he had still done his duty in bringing them to the attention of the Government. The Attorney General pointed out that, for his part, he was only concerned with criminal offences. As regards other matters, the Northern Ireland Office had been brought in by the DPP throughout and were fully aware of the material made available through Mr. Winterton.

Mr. Winterton then referred to the story in Private Eye on 19 November and, in particular, to the reports that the police had not kept an appointment for a second interview with Mr. Haddad and that, before Mr. Haddad was interviewed for the first time, De Lorean had appeared to know what the police were going to ask him.

The Attorney General said that the explanation was quite simple. Haddad had failed repeatedly to keep appointments and De Lorean had been asked to instruct Haddad to meet the police. It seemed perfectly reasonable to seek De Lorean's co-operation in getting an employee to cooperate with the police in this way. The police had finally seen him on

Friday 9 October and reported to London that evening that they were making no progress. They were therefore instructed to return to London for a conference to be held on the following Monday, and this was the reason why they had not had a further interview with Haddad.

Mr. Winterton said that he still did not accept this version of events. He felt that the British Government had not been straight with him. After his responsible action in bringing allegations of the misuse of public funds to the attention of the Government, the Government should have warned him that it was putting out a statement and to have kept him in touch with developments. The Attorney General said that after seeing that Mr. Winterton had given interviews to the press on 5 October, he had given instructions that further information should not be passed to Mr. Winterton for fear that Mr. Winterton would publish it.

Mr. Winterton said that he would like to have a further meeting with the Prime Minister with his Solicitor present, and had understood from Mr. Gow that this would be possible. The Prime Minister said that she could only meet Mr. Winterton as one Member of Parliament to another: if he was to bring in his Solicitor, the matter would have to be handled between legal advisers on both sides. Mr. Gow quoted from his letter of 26 November in which he had advised Mr. Winterton first to see the Prime Minister on his own and had said that, if Mr. Winterton insisted on bringing his Solicitor, he would have to ask the Prime Minister about it.

The Prime Minister asked Mr. Winterton whether he accepted that his allegations had not included evidence of criminal activity. Mr. Winterton said that he did, but said that in that case it had been the duty of other parts of the Government to follow up the material he had given. There were still many further points to be investigated, including tax irregularities, involving Colin Chapman. He believed that what he had said had turned out to be fully

justified and his simple request was that a member of the Government should say so. The Prime Minister and the Attorney General said that the Government could not make any such statement on the basis of what was currently known: enquiries by the RUC were still continuing.

Mr. Winterton asked why there had been no enquiries between October 1981 and February 1982 when receivers were put in. The Prime Minister said that the Northern Ireland Office would have been closely monitoring the company during that period. Mr. Winterton said that it did not create confidence in the control exercised over the company when two nominee directors had voted huge bonuses to De Lorean and his right-hand man only a few days before liquidation. The Prime Minister commented that her recollection was that the bonuses had not actually been paid, and Mr. Winterton confirmed that this was so.

Mr. Winterton said that he did not think that the discussion could be carried further at present. His respect for the establishment, never high, had been reduced by this episode in which he had been innocently involved and in which he had been trying to do his public duty. He would consult his Solicitor, but had to warn that there was likely to be unpleasant publicity which would damage the Government. The Prime Minister suggested to Mr. Winterton that, in his own interest, he should only discuss the content of the present meeting with his Solicitor, and Mr. Winterton confirmed that he would do so. The Prime Minister said that she was comforted by this assurance.

F.F.B.

15 December 1982



FILE

Mr. Gow

10 DOWNING STREET

From the Principal Private Secretary

15 December 1982

CONFIDENTIAL AND PERSONAL

Dear Philip,

MR. NICHOLAS WINTERTON, MP, AND THE DE LOREAN COMPANY

I attach a note of a discussion between the Prime Minister, the Attorney General and Mr. Nicholas Winterton, MP, which took place at 10 Downing Street today. I apologise for its length but thought it right to make a detailed record of this meeting.

The meeting was held, at Mr. Winterton's request, because Mr. Winterton had told the Prime Minister's Parliamentary Private Secretary that he wanted to see the Prime Minister in order to complain about the way in which the Law Officers Department had conducted investigations, following Mr. Winterton's approach to 10 Downing Street in the latter part of September and the early part of October 1981. In the course of the discussion, you will see that Mr. Winterton accepted that the allegations which he made at that time did not constitute evidence of criminal activity. However, it was not possible at this meeting to dispose of Mr. Winterton's fall-back argument that the Government should have followed up the evidence of misuse of public funds; and it is to be expected that Mr. Winterton will return to this point.

Following Mr. Winterton's departure, the Prime Minister instructed me to ask you if you would prepare a note on the action taken by the Northern Ireland Office on Mr. Winterton's allegations and the material which he provided. Presumably this is a matter which the PAC inquiry will also be covering, but the Prime Minister would like to know whether you are satisfied that it can be demonstrated that the Northern Ireland Office did all they could to establish whether this material contained evidence of misuse of public funds or other misconduct.

I should be grateful if you could restrict sight of these papers to as few people as possible. I imagine that you will want to show them to the Secretary of State, and there is of course no objection to that.

I am copying this letter and the enclosure to Jim Nursaw (Law Officers Department).

Yours ever,

P.J. Woodfield, Esq., C.B., C.B.E.,
Northern Ireland Office.

Robin Butler

NOTE FOR THE RECORD

DE LOREAN

The Attorney General telephoned me this evening, saying that, following the Prime Minister's meeting this morning, he had consulted the Northern Ireland DPP about whether the RUC investigation into the affairs of the de Lorean car company seemed likely to produce evidence of any criminal activities.

The answer he had received was that it seemed unlikely that it would do so. The only major question mark arose from one document which suggested that a payment of £3 million to the Lotus company for work on design of the de Lorean had been paid twice. The RUC were likely to ask the Northern Ireland Department of Commerce to help them in investigating this, but it was unlikely that the payment had been made twice, and the Bank records indicated only one payment. There were other minor matters such as the use of company funds for decorations in Mr. de Lorean's house, but these seemed more likely to be objects of shareholders' complaints rather than grounds for criminal charges.

I reported this to the Prime Minister.

F.E.R.B.

15 December 1982

Winterton

010



LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

J. Nursaw
LEGAL SECRETARY.

5 Jan '83

cc Mr Butler
Mr Gow

WV
41

Dear Willie,

Re. Winterton + the London Story

We spoke this morning about an article which was to appear in the next issue of "Financial Weekly". Subsequently Mr. Robert Maxwell, chairman of I.P.C., asked his lawyers to speak to the A.G. + they had to make do with me. I stuck to the 'no comment' line + commented that even if the A.G. should wish to comment, he was not allowed time to do so. I have since heard that Mr. M. has decided to ~~write~~ delay publication for

a week. I asked the journalist
concerned, Mr. Nigel Dudley, to write
giving the substance of Mr. Winterton's
attack on the A.G., S.G. + D.P.P.

Yours ever,

Jim

W.F.S. Richatt, Esq.
10 Downing Street.

Caroline

Prime Minister

NICHOLAS WINTERTON - DE LOREAN

1. Herewith copy of his letter to me, plus enclosures, of 25th of last month, which you have seen already.
2. You will remember that I sent a copy of Nicholas's letter, plus enclosures, to the Attorney General.
3. Herewith the Legal Secretary's reply, plus enclosure.
4. I have since spoken to the Attorney General. We both think that he ought to be present when you see Nicholas Winterton.
5. May I now please arrange for Nicholas to see you, with the Attorney General coming to see you 10 minutes before Nicholas arrives?

Yes

Tessa

9.12.82

pp

IAN GOW

cc. Robin Butler

COVERING CONFIDENTIAL



J. Nursaw

LEGAL SECRETARY.

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

3 December 1982

I Gow Esq MP
Parliamentary Private Secretary
10 Downing Street
LONDON S W 1

Dear Ms. Gow,

You wrote to the Attorney General on 26 November about the request from Mr Nicholas Winterton MP for an interview with the Prime Minister at which he could discuss his concern about certain aspects of the De Lorean story. The Attorney General is in court every day at the moment and has not been able to write to you but he has prepared the enclosed minute for the Prime Minister and has asked me to send with it the note prepared by the Director of Public Prosecutions. My purpose in writing is simply to give details of some of the persons named in that note. I am named in paragraph 2. In paragraph 4 there is a reference to Ken Dowling who is now the Deputy Director of Public Prosecutions. In paragraph 6 there is a reference to Sir Barry Shaw, the Director of Public Prosecutions for Northern Ireland.

Yours sincerely,
James Nursaw

PRIVATE AND
CONFIDENTIAL



10 DOWNING STREET

Box

I am - I do
not deal with
legal matters

The ally don't do
the investigation - one
worrying - where must
find the facts first
not

26th November 1982

By dear Michael,

and cannot see
the solicitor with
Nicholas. This is for
the A.G. reference.
M

Nicholas Winterton and de Lorean

Nicholas Winterton came to see me on the evening of 24th November, with a request for an immediate interview with the Prime Minister in order to discuss this matter.

I am enclosing a copy of Nicholas Winterton's letter to me of yesterday's date, copies of the enclosures to that letter, a copy of the relevant page of the current edition of Private Eye, and of my reply to Nicholas of today's date.

I am also sending to you a copy of a Memorandum dated 28th October 1981 which was sent by Mr Michael Pattison (then one of the Prime Minister's Private Secretaries) to her then Principal Private Secretary.

The Prime Minister must, of course, see Nicholas, but before she does so, she will need to be fully briefed about the matter.

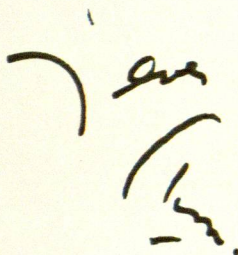
Would you be kind enough, please, to let her have a full note, dealing in particular with the matters raised in Nicholas Winterton's Notes and with the allegations in Private Eye?

You may think that, in any event, you ought to be present when the Prime Minister sees Nicholas Winterton; I am sure that you ought to be there if Nicholas insists (which I hope that he will not) on bringing his own Solicitor.

I should add that I have, in my file, copies of the writs which have been issued against Nicholas; you may have copies already; however, if you would like to have copies of these writs, could your secretary please let me know?

cc Mick King 29/11/82

I should add that Nicholas is very deeply critical of the way the Government has handled this matter, and in particular, of your Department.

A handwritten signature in dark ink, appearing to read 'Ian Gow'. The signature is written in a cursive style with a large initial 'I' and a long horizontal stroke at the end.

IAN GOW

The Rt Hon Sir Michael Havers QC MP

PRIVATE AND
CONFIDENTIAL



10 DOWNING STREET

26th November 1982

Mr Nicholas,

Thank you for your letter of 25th November, and for the Notes which you enclosed.

When you came to see me on Wednesday evening, I agreed, most readily, that the Prime Minister would see you, as you had asked.

I explained that the Prime Minister would want to inform herself about the matter, and suggested that your meeting with her would be more likely to be fruitful if she had had an opportunity of being fully briefed.

You accepted this suggestion and I asked whether you would be kind enough to let me have some Notes which would set out a summary of your complaints against the Government.

You certainly did not give me notice that you would "Require my solicitor, Richard Sykes, to be present at the meeting that I have with Margaret Thatcher."

For my part, I think that it would be best if you should first see the Prime Minister on your own; if you insist on bringing your solicitor as well, I will, of course ask the Prime Minister about that, but it would alter the character of the meeting and in that event I am certain that the Prime Minister would want the Attorney General to be present as well.

Perhaps you would very kindly give me a ring about this on Monday morning.

In any event, I will arrange your meeting with the Prime Minister just as soon as possible.

I want you to know that I understand how strongly you feel about this; and how very sorry I am that this whole matter should have caused so much distress to you and to your family.

IAN GOW

Nicholas Winterton Esq MP



25 November 1951

Dear Sir.

These are shorthand notes
prepared for me by my solicitor who
has all my papers on De Lorean and
they basically deal with my personal
involvement and not matters relating to
the national interest which can be expanded
upon when I meet the Prime Minister
next week. I give you notice that I shall
require my solicitor, Richard Byrnes, to be

present at the meeting which I have with
Margaret Thatcher. These notes should be
read in conjunction with the article in Parade

Eye which I gave to you yesterday evening
(As directed)

My Home Telephone No is 02602-2856
my secretary in Macclesfield 0635-22720

my office in Hq C 219-4402 ext 115.

my intention is to return to London after the
weekend during Monday afternoon 29/11/82.

Yours ever
L White

NOTES BY NICHOLAS WINTERTON

As soon as Marion Gibson showed me documents to back up her allegations about De Lorean, I wrote to Ian Gow. That was on the 23rd September 1981. On the 2nd October the Solicitor General spoke to me and I repeated Miss Gibson's⁴ allegations.

On the 4th October, 1981, Number 10 put out a statement to the effect that the P.M. had asked the Attorney-General to get the Police to look into the matter. My name was not mentioned by Number 10 but it was mentioned by Marion Gibson to journalists. The Press and Media descended on me en masse at my home.

On the 5th October at my home I gave an interview to the BBC and ITN. I attach a transcript of what I said to the BBC. I said much the same to ITN. In effect I repeated Marion Gibson's allegations, which were:-

1. De Lorean had not invested what he had claimed to have invested.
2. Mysterious payments had been made into a foreign bank account in connection with the design of the car.
3. Money had been spent on projects which had nothing to do with the car.
4. The proposed Public Issue in New York would enrich

De Lorean at the expense of the British taxpayer.

Police Officers from Scotland Yard arrived in New York on Wednesday, 7th October. They had one interview with Bill Haddad, formerly of De Lorean Motors, and a further appointment was made for Tuesday, 13th October. But on Saturday, 10th October they were instructed by the D.P.P. to suspend their investigations. Why?

Also on Saturday, 10th October the Attorney-General let it be known to the Press that on the following Monday, 12th October, a statement was going to be made clearing De Lorean. An article to this effect appeared in The Sunday Telegraph of the 11th October.

A statement was issued by the D.P.P. on Monday, 12th October acquitting De Lorean of any criminal offence. This resulted in the issue of Writs against me on the following day by De Lorean himself, his American Company and the British Company. *De Lorean announced at a Press Conference in Belfast that he was claiming damages against me of \$250,000,000.*

The Police and the Attorney-General having failed to find any evidence against De Lorean, I instructed my lawyers to make their own enquiries. At my considerable expense they went to New York, and very quickly found evidence (some of it on public files) which satisfied them that the four allegations made by Marion Gibson were entirely true. They also spoke to people in Detroit who supplied further evidence, again on public files, of De Lorean's murky past.

I hoped that eventually H.M.G. would realise what had been happening. I thought in particular that the appointment of the Receivers would result in a disclosure of De Lorean's misdoings, but it resulted merely in the continuance of the libel actions against me by among others the Receivers themselves on behalf of the Northern Irish Company, and, I suspect at the expense of H.M.G.

I had hoped that when the Receivers completed their report into the affairs of De Lorean Motor Cars Limited it would be published. Instead it was handed to the Police in Ulster a few days before the Public Accounts Committee was due to make its enquiries. For a reason I do not understand the P.A.C. is now to sit in camera. I am driven to the conclusion that the purpose of my reporting Marion Gibson's allegations to 10 Downing Street, which was to ensure that they were properly investigated, was frustrated. All it achieved for me was a lot of publicity which resulted in an expensive and worrying law suit against me personally. It is of little comfort for me to know that everything I said on the 5th October can be proved to be true in spite of the silence, of (1) the Police, (2) the Receivers and (3) the Public Accounts Committee.

Meanwhile the libel actions against me continue in spite of the efforts of my lawyers to force their discontinuance.

WORDS COMPLAINED OF BY DE LOREAN
AGAINST MR. N. WINTERTON

B.B.C.

Mr. Winterton "They / [Marion Gibson's allegations] / relate firstly to the investment that is supposed to have been made by Mr. De Lorean and his Company in De Lorean Motor Cars Limited of Derry, Northern Ireland. The figure that was supposed to have been invested by him was four million and I am led to believe the allegation is that has been given to me, that only seven hundred and fifty thousand dollars has been invested in fact, so clearly that is quite a big shortfall and the British Taxpayer has handed up something like £80 million to this Company. Secondly there is concern about payments that have been made to an individual involved with the design of the car and the placing of those sums in a foreign bank account and also the spending of certain sums of money which have no relevance in fact to the motor car company and a final complication which I think is very serious is of course the issue, the Public Rights Issue which at the moment is postponed in the United States relating to this Company, the launch of a Rights Issue by the De Lorean Company which could well prejudice the British Government and the British Taxpayers stake in the Northern Ireland Company."

Hull trawlers in deep waters

CONCERN has been mounting for some time within the Ministry of Defence about a serious security breach relating to the construction of the Type 23 Frigate, on which feasibility studies were carried out in 1981.

Those taking part in this study were the MoD, British Shipbuilders Yarrow, and shipbuilders Vosper Thornycroft in Portsmouth. The MoD at that stage had made available for the study secret staffing reports and other classified material with the usual items excluded for security reasons. This early assessment was worked on further earlier this year by MoD staff and carried a high classification.

Meanwhile independently of this study a consortium of naval architects and designers had developed a new hull known as Osprey. The Osprey design has been vigorously promoted in defence circles by Mr David Giles, a man in his fifties who did his National Service as a naval officer. Previously a project manager at British Aerospace, he now spends his time pushing the Osprey design.

Giles has been active in defence circles on behalf of his consortium for at least seven years and sought to have the Osprey hull replace the Leeds-type of patrol vessel, but without success so far. This Osprey design has been used in Denmark where patrol vessels have been built — two others going to Burma. In this venture, Osprey have teamed up with the large northern Danish ship-builders and repairers, Frederikshavn Vaerft.

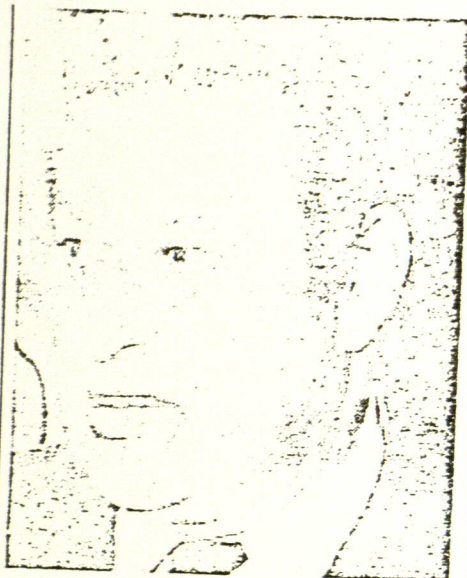
In the period of 1979/80, Giles sought to persuade the MoD that the Osprey designed hull could be graded up — to between 2,000 to 4,000 tons. This claim was followed by some extensive lobbying in Conservative Party circles and the press. But all along the MoD, whilst acknowledging that Osprey was a marginally cheaper hull, maintained that its overall costs were much greater than the already accepted design. But such was the impact of Giles' lobbying technique that he managed to arrange for himself and his consortium to be shown around the Chatham docks earlier this year. Included in this party was Mr Niels Bach of Frederikshavn Vaerft.

It was clear from this inspection that the consortium were looking into the commercial possibilities of Chatham, due to be shut down, for workshop building on a private basis.

Shortly after this, copies of the secret staffing report were made available to Giles and his associates, from within the Ministry of Defence. It is believed that no-one at that time had security clearance to receive these documents, although Giles may have subsequently obtained it.

It has been alleged that these documents were made available to Giles with the knowledge of the Under Secretary for Defence and MP for Chertsey and Walton, Mr Geoffrey Pattie.

One firm result of this leak was that Giles and his consortium was able to return to the MoD and make a firm proposal about the feasibility of the alleged Osprey design to the Secretary of Defence, John Nott, in May of this year. What has horrified MoD officials is that



SILKIN: "Threats to security in the MoD"

Giles had got hold of this material in the first place and had used it against the department that had unwittingly supplied it.

This story came to the attention of the Opposition spokesman on Defence, John Silkin, about three months ago. He told the *Eye* "When this matter was first drawn to my attention some months ago I passed my information on to the First Sea Lord, Sir Henry Leach. Since then I have heard nothing."

Sources within the Ministry of Defence have estimated that over a prolonged period they have spent about £½ million in answering correspondence and attending meetings dealing with Mr Giles's promotion.

But the most worrying thing about this commercial intrusion into the MoD is the security breach. As John Silkin put it: "On the information provided to me, there is cause for concern. There may be grave threats to security and the commercial integrity of the Ministry of Defence."

100 Years Ago

The De Lorean memorandum

ONE ASPECT of the De Lorean scandal which has passed unnoticed is the curious affair of the Scotland Yard "investigation" in October last year. This cleared De Lorean and so allowed him to unleash a battery of writs against his critics, thereby helping him to stifle criticism until the company's financial problems surfaced.

The police investigation was announced following the disclosures made to Conservative MP Nicholas Winterton by De Lorean's former deputy administrator Marion Gibson, and subsequently published by the *Daily Mirror* on October 5. The allegations of financial irregularities in particular focussed on the celebrated "gold faucets" memo written by De Lorean vice president, Bill Haddad, in December 1980, which raised questions about spending by De Lorean and his executives.

The Director of Public Prosecutions, Sir "Tony" Hetherington, was asked by Sir Ian Percival, the Solicitor General, to initiate a police inquiry into the allegations. On October 12, the DPP announced that no evidence of criminal conduct had emerged.

Officially cleared, De Lorean promptly proceeded, via Lord Goodman, to sue Winterton, Gibson, the *Daily Mirror* and Independent Television News. These cases were still active

at the time John De Lorean, the suitcase of cocaine and the FBI all met up in the Sheraton Hotel, Los Angeles.

From the beginning, the police investigation was handled in a haphazard way. It was given to two detectives from the Yard's CI department, Det. Chief Inspector John George and Det. Inspector John Hefford. (CI is the Yard's all-purpose crime department. It usually handles nothing more financial than robberies.)

The approach taken by the Yard detectives did not impress those they interviewed in the United States. The Haddad memo was seen correctly as crucial. In the beginning De Lorean denounced it as "a forgery". It therefore became essential to ascertain the truth of both the document and its contents. For that Bill Haddad was vital.

George and Hefford went to New York to interview Haddad whom they saw on October 9. Before that meeting an unusual and disturbing event had already taken place: Haddad was told by De Lorean what the police wanted to talk to him about, and he formed the distinct impression that De Lorean knew in considerable detail what evidence had been given to the police.

During the interview, Haddad maintained the authenticity of the memo and that it had been delivered to De Lorean's office. It was arranged with the two officers that there should be a further meeting in four days' time to discuss certain further matters: D.C.I. George subsequently indicated to Haddad's lawyer that the inquiry was not closed and that they would be back in touch.

The second meeting never took place. Instead, the two Scotland Yard detectives returned to London. Haddad never heard from the Yard again. This did not totally surprise him. For he formed the opinion during that one and only meeting that this was an exercise of going through the motions. An "everything alright" report was what was wanted from the police. A similar impression was gained by Marion Gibson.

The very day before the Yard men had arranged to meet Haddad for a second discussion it was announced by the DPP that the investigation had been concluded — satisfactorily for John De Lorean.

Haddad's concerns were increased when it was reported — after his interview with the police — that De Lorean was quoting the result of Scotland Yard's unpublished investigations as being that the memo was undelivered — from which he concluded that it was "fabricated".

When his lawyer raised this with the Yard, a letter was written on behalf of the Assistant Commissioner (Crime) Gilbert Kelland, acknowledging Haddad's version of events and concluding with the curious statement that the police "acknowledges your concern at any possible leakage of information to John De Lorean".

That there had been such a leakage seemed certain. Haddad's former boss knew just too much about what Marion Gibson had told Nicholas Winterton and Winterton had told the police. This included awareness of documents that were never published. Then there was De Lorean's surprisingly well-informed position on what the police were going to ask.

Just how John De Lorean came to know all this is a matter of speculation. However, one possible explanation may lie in the Government's wish not to have a scandal over De Lorean at that time if it could be avoided. No doubt choice of Lord Goodman as his lawyer was also helpful.

In any event, the Government got exactly what it wanted. De Lorean was whitewashed — until the skeletons started piling out of the cupboard a few months later. Interestingly enough, even now there is no wish to reopen that oh-so-brief police investigation, despite the ample evidence of abuse of taxpayers' funds that has emerged. Instead that is to be left to the Commons' Public Accounts Committee.

Meanwhile, it is to be hoped that Lord Goodman's firm, Goodman Derrick, and his eminent counsel, Lord Rawlinson, have assured their fees for undertaking John De Lorean's now somewhat redundant libel actions. If not, they could have a long wait. Perhaps 72 years.



10 DOWNING STREET

Please return to
Mr. Gow.

CONFIDENTIAL

Mr. Gow.

If you are due to see Mr Winterton again, perhaps you and I could first have a word about how much of this note you intend to hand.

MR. WHITMORE

De Lorean

HL
28.9.71.

Ian Gow asks for a note of our involvement, following Mr. Winterton's conversation with him.

Mr. Winterton wrote to Ian Gow early in the week beginning 28 September. On the afternoon of Thursday 1 October, he spoke to me on the telephone in Ian's absence in Australia. He said that he had written to Mr. Gow warning of a possible commercial scandal, but that he had since learned that the story was liable to break publicly in the very near future. I believe he said "before the weekend". He spelt out to me the company involved and the nature of some of the allegations. He asked that the matter should be brought to the Prime Minister's attention. I undertook to come back to him as soon as possible.

I spoke to you in Australia before leaving the office that evening. Our secure line was not functioning, so I told you in guarded terms that new allegations had come to hand about some commercial business in Northern Ireland, and I told you who I proposed to consult.

Early on Friday 2 October, I consulted one senior official, and he and I then spoke to Sir Brian Cubbon at the Home Office. The unanimous view was that the Law Officers should be informed of the allegations, so that they could take whatever action they considered appropriate.

I therefore spoke to Jim Nursaw, Legal Secretary, around lunch-time on 2 October, and asked if he could arrange for the DPP to institute whatever enquiries seemed necessary. Around the same time, I told Mr. Winterton that, after arranging for the Prime Minister to be informed of the allegations, I was referring the matter to the Law Officers, who would arrange for someone to see Mr. Winterton.

/ In the course

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In the course of the afternoon, the DPP made arrangements to send a police officer to see Mr. Winterton over the weekend, so that the documentary evidence he held could be collected. I also spoke to the Solicitor General during the afternoon, on whose authority the DPP had been brought in. (Our contacts with the DPP were, of course, entirely informal, since he cannot take instructions from Ministers other than Law Officers.)

The DPP spoke to me at the end of the day, after he had got in touch with Mr. Winterton. For what it is worth, I might record that the DPP said that he was alarmed at the extent of Mr. Winterton's indiscretion over the telephone. All our activity on the matter had been carried out with maximum possible discretion, and the DPP clearly believed that this was essential at that stage of events.

In the course of 2 October, I telegraphed you in Melbourne, outlining what had happened and what steps we were taking to arrange for the allegations to be investigated rapidly.

I was on duty over the weekend, but I did not pick up these events until quite late on Saturday, when I was in touch with the Northern Ireland Office on other business. In the meantime, I understand that the Duty Press Officer, Mr. Colver, had had a telephone enquiry from Gordon Leak of the News of the World. This was around midday, and at that stage Leak did not name Mr. Winterton. This led the Press Office to take the matter up direct with the party in Australia. As a result of these contacts, you and the NIO Permanent Secretary agreed a Press line as follows:

"The Government has recently been informed of allegations of financial irregularities in the De Lorean company and insofar as these may relate to the company's operations in the UK the police are making inquiries."

The Press Office were also equipped with a further line, to be used only if asked about Mr. Winterton's involvement. They could then confirm that he conveyed his allegations to the Prime Minister:

/ the Solicitor General

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that the Solicitor General was consulted, and that he asked the DPP to institute an enquiry.

Initially, the Press Office used the line not mentioning Mr. Winterton. But further calls from the News of the World and the Observer included questions about Mr. Winterton's role, at which point the Press Office started to use the formula describing Mr. Winterton's role.

As I recall it, Mr. Winterton allowed himself to be interviewed for television starting with the lunchtime news bulletins on Sunday. The News of the World had, as you know, decided on legal advice not to run its story, but the Observer carried a brief piece about enquiries.

There were two further statements the following week. The NIO issued one to play down the extent of the enquiry, in order to reassure commercial creditors. The Solicitor General issued one to make it clear that he had ordered the police enquiry, after the allegations referred to by the Prime Minister.

In effect, our direct involvement ceased after the weekend. Throughout that period, we done done our best to keep matters private. Once it became clear that the Press had picked up the story, we at no stage volunteered comments, but equally we made sure that we could respond in a factually accurate way to specific questions put to us. (It appeared to us at the time that the questions were probably arising because Mr. Winterton had already been talking to the Press, but there was some suggestion that some of Miss Gibson's material might have appeared in a New York evening paper on the afternoon of Friday 2 October.)

MAJ

28 October 1981

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