Original will Prime Minister NICHOLAS WINTERTON - DE LOREAN Herewith copy of his letter to me, plus enclosures, of 25th of last month, which you have seen already. 2.  $_{\odot}$  You will remember that I sent a copy of Nicholas's letter, plus enclosures, to the Attorney General. Herewith the Legal Secretary's reply, plus enclosure. 3. 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? had IAN GOW 9.12.82 cc. Robin Butler

COVERING CONFIDENTIAL O CONTINUE OF CONTIN LAW OFFICERS' DEPARTMENT ROYAL COURTS OF JUSTICE LONDON, WC2A 2LL LEGAL SECRETARY. 3 December 1982 I Gow Esq MP Parliamentary Private Secretary 10 Downing Street LONDON S W 1 Dear M. Com. 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 In paragraph 4 there is a reference to paragraph 2. 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.

Jours sicerely



PRIME MINISTER

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De Lovear.

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CONFIDENTIAL Attorney General DE LOREAN You asked for a note to assist you in briefing the Prime Minister, as requested in Mr Gow's letter of 26th November. SEQUENCE OF EVENTS This matter first came to my attention on Friday 2nd October, 1981, when 2. Jim Nursaw telephoned me with the Solicitor-General's request that I should consider whether there were grounds for police investigation. spoke to Mr Winterton on the telephone, and arranged for a Metropolitan Police Officer (Detective Chief Superintendent George) to travel to Cheshire next day to see Mr Winterton. I can confirm that, as noted in the No. 10 note dated 28th October 1981, I was concerned at the extent to which Mr Winterton was expressing his views about de Lorean, at a stage at which there was nothing to support them. On Saturday 3rd October I received a number of telephone calls at home, to the effect that the Press had the story of Mr Winterton's allegations. These included a call from Philip Woodfield, Permanent Secretary NIO. I spoke on the telephone to Mr Winterton and subsequently to D.C.S. George in Cheshire to warn them of this. Mr George told me that Mr Winterton had been on the telephone to members of the Press while he (George) was at his home. On Monday 5 October Mr George and his colleague (Detective Inspector Hefford) delivered to me the documents they had received from Mr Winterton. I arranged a conference for later in the day to allow time for Ken Dowling and me to study the papers. At this conference we asked the police to interview Miss Gibson (who had originally handed the papers to Mr Winterton) that evening and to report back next day. On Tuesday 6 October, I held a conference with the police and subsequently 5. spoke to you on the telephone. We agreed that the police should go to New York as soon as possible to interview Mr Haddad, the vice-president of the De Lorean organisation, who was alleged to be the originator of some of the complaints against De Lorean. On the same day, the Solicitor-General issued a statement (copy attached). On Wednesday 7th October, you held a conference with myself and Dowling, Barry Shaw, Ewart Bell, (Northern Ireland Civil Service) and Commander Gillert (Metropolitan Police). I explained the present position of the police investigation and Ewart Bell described the effect of the publicity concerning De Lorean on the Northern Ireland economy. It was agreed that the current police enquiries in New York should continue with maximum urgency, and the investigating officer should keep Mr Gillert informed of progress. You told the Northern Ireland representatives that you hoped to issue a statement clarifying the position by Friday 9 October.

7. Because of difficulties over interviews in New York, it was not possible for the police to report back by the weekend, but they returned to London in time for a conference with you at 11 a.m. on Monday 12th October. As well as the police officers, and myself and Dowling, Barry Shaw was present. The police reported orally, and produced copies of the statements they had taken. It was agreed that no evidence had emerged that any criminal offence had been committed within the jurisdiction of the English courts, and that the New Scotland Yard could not usefully take their enquiries any further. We agreed a Press statement (copy attached) which was issued that day.

#### MR WINTERTON'S COMPLAINT

- It appears from page 2 of Mr Winterton's notes that his principal complaint, 8. so far as we are concerned, is that we prevented the police from completing their enquiries. In fact, by the time the police reported to us on 12th October, they had interviewed (as well as Mr Winterton) Miss Gibson, a lawyer called Clarence Jones, (who also produced some documents), Haddad, (who was accompanied by his Attorney Sorkin) and Knepper, another employee of the De Lorean Organisation. They had also had a number of telephone conversations with Haddad and Sorkin. None of these persons had produced any firm evidence of any breach of the criminal law by De Lorean. Most of the allegations, and in particular the Haddad Memo of 26 December 1980 which was the basis of much of the interviewing, were expressions of disquiet over the way in which De Lorean had been able to persuade HMG to provide him with financial support in Northern Ireland and the effect which the publicity over this, including a possible Parlimentary enquiry, would have on the De Lorean organisation as a whole. When this was reported to us on the morning of 12th October, we decided that there was so little prospect of obtaining evidence to justify prosecution in this country that we should not ask the police to continue their enquiries. We also had in mind the representations we had received from the N1O about the effect of the investigation on the De Lorean enterprise there.
- 9. The only proper purpose of the police investigation could be the collection of evidence for criminal proceedings in this country. Insofar as they had unearthed allegations of activities which, while not amounting to criminal offences committed within our jurisdiction, did suggest that not all was well with the De Iorean activities, the proper course was for us to ensure that HMG were aware of this. This was achieved by including NlO representatives at our meetings. Any follow-up of that line was not a matter for the prosecuting authorities.

#### PRIVATE EYE

10. In addition to the points raised by Mr Winterton, there is a suggestion that Haddad had learned in advance from De Lorean what the police wished to interview him about. This may or may not have been correct. Certainly, Haddad, who had originally managed to avoid a interview with the police officers, subsequently apologised and explained that "he had received a telephone call from John De Lorean instructing him to meet us (the officers) with the De Lorean lawyers at the company offices". Haddad added that he understood that Mr Adam Butler (Minister of State) had telephoned De Lorean stating that he (Haddad) was refusing to see the police.

29.11.82

PRIVATE AND CONFIDENTIAL ally don do 10 DOWNING STREET 26th November 1982 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 cousre, 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?

- 2 -I should add that Nicholas is very deeply critical of the way the Government has handled this matter, and in particular, of your Department. IAN GOW The Rt Hon Sir Michael Havers QC MP



01-405 7841 Extn 3291

### STATEMENT BY SOLICITOR GENERAL

Sir Ian Percival, QC MP has today issued the following statement:-

Referring to the de Laurean matter the Solicitor General said "I think it very important that a few facts be corrected and that the truth of the matter should receive the widest possible consideration.

It has been repeatedly stated in the last two days that:
"The Prime Minister has ordered an investigation of the Company's affairs", or words to that effect. No part of that is correct.
On the contrary the truth of the matter is very different from the impression conveyed by that and other reports.

When the Prime Minister was informed of the allegations, she asked that the Law Officers should consider on her behalf what action if any should be taken. After considering what little was then known, I asked the D.P.P. to arrange for a police officer to meet Mr. Winterton to receive from him details of the allegations being made, and of the evidence said to support them - all in complete confidence.

Had it not been for others going public that course would have combined the advantages of ensuring proper consideration of the evidence, if any, whilst avoiding the very danger which has now arisen of people assuming that something must be wrong because enquiries were being made - a danger made very much greater by the use of such words as I have quoted.

I wish therefore to make it absolutely clear that neither the Prime Minister nor anyone else has "ordered an investigation of the Company's affairs" or anything remotely like it. What I requested and authorised was no more than the sort of routine steps which are taken over and over again, indeed must be taken when allegations of the type now being bandied about are made.

The purpose of such steps in such cases is to see whether there is or is not anything to be followed up. It hardly needs



- 2 -

saying that it would be highly irresponsible for anyone to leap to any conclusions - especially when by so doing they could put men's jobs at risk."

6th October, 1981

The Director is satisfied that no evidence has emerged to support any of the allegations of criminal conduct on the part of Mr. DeLorean or the Company. He has consulted the Attorney General and they are agreed that there are no grounds for continuing the Police investigation.

Accordingly, on the advice of the Director, the Metropolitan Police are closing their enquiries. Should any evidence of a criminal offence subsequently come to the attention of the Director, he would give it consideration.

Noon, Monday, 12th October, 1981.

BY CHRISTOPHER HOUSE

GIR MICHAEL HAVERS, the Attorney General, will issue a statement tomorrow on allegations of financial inregularities within the De Lorean sports car company in Northern Ireland, Ithis expected to say that so far the allegations appear to be unfounded.

The statement follows a week-

of routine inquiries by Detective Chief Superintendent John George and Detective Chief. Inspector John Hefford, of Scotland Yard's Serious Crimes Squad.

A detailed report has already been prepared for the Government and includes a copy of an alleged inter-office memorandum from Mr. Williams Haddad, communications director of Detailers and the communications director of Detailers and the communications of the commu Lorean to Mr John De Lorean, 52, the company's founder and a former General Motors executive.

The memorandum, written on Boxing Day last year mentions the alleged financial irregularities but is not signed or initialled.

It was given to Mr Nicholas Winterton, Conservative, MP for Macclesfield, by Miss Marion. Gibson, a former secretary in the New York office of the De Lorean Motor Company.

The two detectives interviewed Mr Haddad in New York on Friday for three hours. After the interview Mr Irah Lee Sorkin, Mr Haddad's lawyer who sat in on the questioning, said: sat in on the questioning, said:
"I can confirm that my client was in fact the author of the memo."

However, when Mr De Lorean arrived in Britain on Friday he denounced the inter-office memo as a forgery. He said that the allegations were cun-true and he would be taking legal action

The De Lorean furore-P24 Opinion P21

Agriculture Mini-line from were intended to refer to Colin Chapman, anything TELEGRAPH

2321 years MAGNA PRIVATE AND CONFIDENTIAL



#### 10 DOWNING STREET

26th November 1982

lan Kirkler,

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 even I am certain that the Prime Minister would want the Attorney General to be present as well.

Perhaps your 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



Dear lan

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There are shorthand nates hopand one by my solicator who has all my papers on De Lorean and They basually deal with my personal involvement and not matter relating to the rational interest which can be expanded ayon when I weil the Paris Munster out mek. I gni gen rothè Mat I stall requiri my saluter, Ruboral Lythes, to be

present at the intelling contest of from both Margaret Thatiter. These rete stand wead in Conjunction in 12/2 anticle colon Rye wheli (gave to gon yesterdayeour.

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Wiris date

copied NIO 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's 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:-De Lorean had not invested what he had claimed to 1. have invested. 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

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 Durmurry, 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."

THAN WINNING

# irawlers in deep Walers

ONCERN 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 Thorny croft 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 Mob, whilst beknowledging 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 wership building on a private basis.

Shortly after this, copies of the secret staff-ing 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 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 toD and make a firm proposal about the teasibility 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 £1/2 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

100 Years Ago

## The De Lorean memorandum

NE 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 DPF announced that no evidence of criminal conduct had emerged.

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

at the time John De Lorean, the suitease 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 C1 department, Det. Chief Inspector John George and Det. Inspector John Hefford. (Cl 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 100 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 cam 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 I orean at that time if it could be avoided. No doubt choice of Lord Goodman as his lawyer was also

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.