

MANAGEMENT - IN CONFIDENCE



Prime Minister:

I mentioned this case to you. The officers involved are relatively senior and the case against them very serious.

HOME OFFICE

QUEEN ANNE'S GATE LONDON SW1H 9AT

2 May 1984

Dear David, there is also evidence of a lack of proper management control.

There have been several references in the press recently to police investigations into corruption in the Home Office Prison Department Directorate of Industries and Farms. We thought we should let you know something of the background.

Briefly, the facts are these. The possibility of corrupt practices by DIF employees was brought to our attention in September 1983 by the Inland Revenue who were investigating the tax identity of Mr B C Pullman, the American owner of a firm called Electroplay with whom DIF had had dealings. We had earlier been concerned about DIF's business relationships with Mr Pullman, which had been the subject of an internal audit enquiry. That had pointed up systems weaknesses but had produced no evidence of corruption. However, in view of the nature of the further information provided by the Inland Revenue we reported it at once to the Director of Public Prosecutions, and he decided to call in the Fraud Squad. Their investigation into this matter and another possible corruption case in DIF implicated a number of staff and three officers were suspended from duty. One of the officers has since resigned.

The police investigation has now been concluded and a report has been submitted to the Director of Public Prosecutions. We understand that the three officers are likely to be charged with offences of corruption and possibly conspiracy to defraud. The owners of the firms involved are likely to be similarly charged.

Newspaper accounts refer to the suspension of four officers. In addition to those to whom I have referred, these presumably include the Superintending Grade Professional and Technology Officer in charge of the Group in which the difficulties have arisen.

In addition to the Electroplay case we have evidence that other substantial contracts in this same area of DIF have been mishandled. Police and other investigations are still continuing (but have not come to the attention of the Press). We have moved the Head of DIF.

Before the possible criminal and disciplinary offences came to light the Directorate of Industries and Farms was being fundamentally reorganised in the light of reports from management consultants, and the recommendations flowing from the internal audit enquiry referred to above were being implemented. These changes were designed in particular to improve financial control. The reorganisation is now almost complete. We have also instituted a number of immediate steps to ensure as far as possible that there is no scope for further corruption and to ensure that the policies and procedures of the Directorate reflect the need for proper financial awareness and sound management.

If criminal charges are formally preferred within the next few weeks there will no doubt be further adverse publicity. As far as we know the offences concern the acceptance of gifts in the form of holidays and an attempt to defraud. We are aware of no justification for some of the more lurid press reports.

We have already reported the matter in some detail to the Treasury and have given some of the background to the Lord President's Office, to whom I am sending a copy of this letter.

Yours ever,

Christine.

MRS C J HEALD

David Barclay, Esq.

THE UNIVERSITY OF CHICAGO

DEPARTMENT OF CHEMISTRY



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From: THE PRIVATE SECRETARY
MANAGEMENT IN CONFIDENCE

Prime Minister
For Jennifer
MHR 4/7



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

4 July 1985

Dear Tim,

CORRUPTION CASES INVOLVING OFFICIALS OF THE FORMER PRISON DEPARTMENT
DIRECTORATE OF INDUSTRIES AND FARMS

I informed Mark Addison in my letter of 14 June of the two major criminal trials arising from corruption charges involving officials of the former DIF, one of which, the Electroplay case, began on Monday 17 June.

We have heard this morning that the judge found there was no case to answer in respect of Messrs Beaton and Cardy and they were therefore acquitted of the charges against them under the Prevention of Corruption Act 1906. We understand that the legal submission of no case to answer rested on the finding that Mr Pullman of Electroplay had not been shown to have obtained favours from the defendants.

Mr Cardy is also a defendant in the Britwood case which it was thought would follow immediately after the Electroplay case, but the DPP will obviously wish to consider, in the light of today's acquittal, whether those proceedings should continue.

For the time being both Mr Beaton and Mr Cardy remain suspended from official duties and we shall take the line that their position within the Department remains to be considered.

I am sending a copy of this letter to Joan MacNaughton in the Lord President's Office.

Yours ever,
Christine.

MRS C J HEALD

Tim Flesher, Esq



ms

10 DOWNING STREET

Prime Minister (2)

Mark Carlisle is apparently
defending Mr. Beator, //

Geoffrey Rippon Mr

Phillman.

MEAT 14/6

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From: THE PRIVATE SECRETARY

MANAGEMENT - IN CONFIDENCE



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

14 June 1985

Dear Mark

CORRUPTION CASES INVOLVING OFFICIALS OF THE FORMER
PRISON DEPARTMENT DIRECTORATE OF INDUSTRIES AND FARMS

I am writing to let you know of the two major criminal trials arising from corruption charges involving officials of the former DIF and about which I have given you details over recent months.

The Electroplay case, involving Mr Pullman of Electroplay and Messrs Beaton and Cardy, will start on Monday 17 June and may run for three or four weeks. It will be followed immediately by the Britwood case, involving Mr Cuthbertson of Britwood Toys and Mr Cardy, for which no estimate of duration is yet available.

Press interest in these cases may be lively, depending on the flow of other news next week. They are the first of the corruption cases to be given a full trial ... and I attach a background briefing on which our Press Office will be drawing in responding to press enquiries.

Yours ever,
Christine.

MRS C J HEALD

M Addison, Esq

THE CASES INVOLVING MESSRS BEATON AND CARDY

Background information and Press briefing

1. Personal

Douglas Beaton, aged 59, joined the Civil Service in 1961 as a Technical Officer. In 1971 he became Woodworking Specialist at the then Directorate of Industries and Supply headquarters. In 1976 he became General Products Manager and later the Engineering & Woodwork Group Manufacturing Manager at Principal Professional and Technology Officer level.

Ronald Cardy, aged 55, joined the service in 1962 as a Civilian Instructional Officer III in sheet metal work after a career which included 8 years in the RAF. He was Industrial Manager at Canterbury Prison until joining headquarters sales staff in 1974. He reached the rank of Professional and Technology Officer I (roughly equivalent to SEO).

2. Suspension

Mr Beaton and Mr Cardy were suspended from duty on 10 October 1983 as a result of matters brought to light during police investigations into commercial dealings of the former Directorate of Industries and Farms.

3. The Charges

(i) Electroplay: Beaton, Cardy and Pullman

Both men face charges under section 1 of the Prevention of Corruption Act 1906.

Mr Beaton and Mr Cardy were charged with Mr B Pullman, the Principal of a firm called Electroplay Ltd for whom DIF made electronic toys, concerning the alleged provision by Mr Pullman of free travel for both officers on two occasions to New York. Free travel was also allegedly provided for Mr Beaton, once, to Hong Kong.

(ii) Britwood: Cardy and Cuthbertson

Mr Cardy is also charged, with Mr A Cuthbertson, the Managing Director of Britwood Toys Ltd, for whom DIF made wooden toys, in connection with the alleged receipt by Mr Cardy of inducements or rewards in the form of an interest-free loan of £2,000 and, on separate occasions, two motor cars on preferential terms in return for showing favour to Mr Cuthbertson and his company.

Both cases are sub judice and no further comment can be made.

4. Civil Proceedings

The Home Office is involved in civil proceedings with Britwood Toys Ltd and the matter is sub judice.

The Home Office is in dispute with Electroplay Ltd about the company's failure to pay outstanding invoices. The company in its turn submitted a counterclaim for loss of profits arising from failure to deliver according to contract. The position will be reviewed in the light of the outcome of the trial involving Mr Pullman.

5. Other former DIF cases under investigation

One other similar case involving a former Prison Department official is currently before the courts and the police have conducted enquiries into other cases which have not, so far, resulted in criminal charges.

6. The future of prison industries

The Home Secretary announced in the House of Commons on 31 October 1984 a number of important changes in the management of prison industries directed primarily at improving financial and managerial performance. The longer term future for prison industries is currently under review.

7. Steps to avoid further corruption

A study has been made of the systems improvements needed in prison industries to minimise the risk of corruption, and these improvements are being implemented. Every effort is being made to impress on industries staff the need to observe the highest standards of honesty and integrity and the penalties risked by those who fail to observe these standards.

8. The case of Mr Alan Lowther

Mr Lowther, a Management Accountant in the Prison Department, was suspended from duty on 28 June 1984. He was subsequently charged with an offence under section 2 of the Official Secrets Act and was on 7 February committed for trial on this charge.

The Attorney General reviewed the case in the light of the committal proceedings and concluded that it would not be in the public interest for proceedings to continue any further.

Mr Lowther's future is now being considered by the Department.

From: THE PRIVATE SECRETARY

MANAGEMENT - IN CONFIDENCE



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

30 April 1985

MBA VS

Dear Mark,

I have kept David Barclay in touch in recent months with developments in the police investigations of corruption in the former Prison Department Directorate of Industries & Farms.

I am writing now to let you know that the case under section 1 of the Prevention of Corruption Act 1906 against Mr Hawkins (ex-employee of DIF) and Mr L Richenberg (Touchwood Triway Ltd) may come up for trial in the Old Bailey in the coming weeks, although the date has yet to be fixed.

I will, of course, let you know as soon as we have a firm indication of when the trial will commence, but in the meantime I thought you might wish to see the attached note giving the background to the case.
....

I am copying this letter and its enclosure to Janet Lewis Jones in the Lord President's Office.

Yours ever,
Christine.

MRS C J HEALD

Mark Addison, Esq.

CONFIDENTIAL

THE CROWN V. HAWKINS (ex DIF official) AND RICHENBERG (Director of Touchwood
Triway Ltd)

At an 'old-style' committal hearing at Bow Street Magistrates Court on 4 - 6 March 1985, Messrs Hawkins and Richenberg were committed for trial at the Central Criminal Court. Sir David Napley represented Mr Richenberg. The case is on the 'warned list' for the four week period beginning 29 April 1985, although the police consider it unlikely that it will be called during that time.

This could therefore be the first case to come to trial in which the full extent of the problems which beset the former Directorate of Industries and Farms (DIF) is given a public airing. The case may attract press interest because of the involvement of Mr L J Richenberg, a millionaire with many influential connections, who was a one-time Economics lecturer at Oxford and, between November 1955 and June 1957, an Economic Adviser to the Treasury.

The background to the case is as follows. Following police investigations into DIF's relationship and business dealings with Mr Richenberg's firm Touchwood Triway, for which DIF once made wooden toys, Mr Hawkins and Mr Richenberg were, on 1 November 1984, charged with corruption. (Mr Hawkins, a technical officer equivalent to HEO in rank, had been suspended on 28 October 1983 and subsequently resigned with effect from 31 December 1983.) The charges, under Section 1 of the Prevention of Corruption Act 1906, allege that in December 1981 Mr Hawkins corruptly accepted from Mr Richenberg the sum of £2,000 intended as an inducement or reward for showing favour to the firm.

The case centres on a contract between DIF and Touchwood Triway dated 7th and 8th October 1981 but, allegedly, signed after those dates. DIF had been contracted to produce 36,000 toys for the firm within one year from 2 April 1981. Mr Richenberg later agreed, because of production difficulties, to accept 12,500 by the end of November 1981 (with the balance by June 1982). However, Mr Field, a DIF official, telephoned Mr Richenberg on 2 October, following a communication from the manufacturing establishment, to advise him that 4,500 toys was the maximum which could be produced by the end of November. Mr Richenberg denies that a call to this effect was made. A meeting with the firm was arranged for 9 October but no mention was made at that meeting of the contract, signed by Messrs Hawkins and Richenberg on 7th and 8th October, committing DIF in writing to produce 12,500 goods by the end of November.

The Crown case is that the £2,000 was paid in an attempt to influence Mr Hawkins in his duties and the way in which he discharged them in relation to matters concerning the firm. Mr Hawkins would be a potentially useful ally in any civil action and there was clear evidence that influence over him would be valuable in those circumstances. Although the Defence will argue that the allegedly forged contract of 7/8 October had no significance because DIF was already contracted to produce a much larger number of toys, it was nevertheless a step forward for Mr Richenberg to have a written agreement signed by someone in authority in the event of any civil proceedings being brought.

There had been a close personal relationship between the two men (the defence say that the £2,000 was a loan to help Mr Hawkins' son whose business was in trouble). They had decided to start a business venture and applied to the Welsh Office for a development grant, but the project was not pursued. A further point of interest is that, in the course of police enquiries it came to light that one of the defence witnesses, who is a serving official, Mr C G Thomas, undertook paid work for Mr Richenberg in his spare time, for which he received £1,300. The arrangement appears to have been with the full knowledge, and perhaps even the authority, of Mr Thomas' line manager, Mr Beaton, who is himself suspended and facing criminal charges. Disciplinary action against Mr Thomas, who is a serving member of PSIF staff now on detached duty at Kingston prison, has not yet been ruled out.

The Home Office is also involved with Touchwood Triway in civil proceedings. The firm started proceedings in May 1982 in the sum of £383,000 for alleged failure to meet the terms of contract to produce wooden toys. PSIF does not accept liability and the Treasury Solicitor has entered a counterclaim of £365,138 for materials purchased, workshop time etc; furthermore, it will be argued that in view of the corrupt relationship between Mr Hawkins and Mr Richenberg, contracts entered into should be rescinded and/or repudiated.

THE CROWN V. HAWKINS AND RICHENBERG

Background information and Press briefing

1. Personal Kenneth Charles HAWKINS, aged 56, joined the service in 1958. After serving in a number of prison establishments, latterly as an Industrial Manager, he moved to the headquarters of the then Directorate of Industries and Supply in 1974 as Assistant Sales Manager (Woodworking). He was a Professional and Technology Officer II (roughly equivalent to Higher Executive Officer).
2. Suspension Mr Hawkins was suspended from duty on 28 October 1983 as a result of matters brought to light during police investigations into commercial dealings of the former Directorate of Industries and Farms. He subsequently resigned with effect from 31 December 1983.
3. The Charge Mr Hawkins is charged, together with Mr L J Richenberg, a director of the firm Touchwood Triway Ltd with which DIF were involved in the manufacture of wooden toys, under Section 1 of the Prevention of Corruption Act 1906. The case was committed for trial at the Old Bailey following an 'old-style' hearing on 4-6 March. It is alleged that Mr Hawkins corruptly accepted from Mr Richenberg the sum of £2,000. The matter is sub judice and therefore no further comment can be offered on the charge or the alleged facts.
4. Civil Proceedings The Home Office is involved in civil proceedings with Touchwood Triway but the matter is sub judice.
5. Other DIF cases under investigation Two other cases involving Prison Department officials are currently before the courts and the police have conducted enquiries into other cases which have not, so far, resulted in criminal charges. The cases involve alleged transactions between officials of the former DIF and certain private individuals over the supply of goods made by prisoners.
6. The future of prison industries The Home Secretary announced in the House of Commons on 31 October 1984 a number of important changes in the management of prison industries directed primarily at improving financial and managerial performance. The longer term future for prison industries is under review by the Prisons Board.
7. Steps to avoid further corruption A study has been made of the systems improvements needed in prison industries to minimise the risk of corruption, and these improvements are being implemented. Every effort is being made to impress on industries staff the need to observe the highest standards of honesty and integrity and the penalties risked by those who fail to observe these standards.

8. The case of
Mr Alan Lowther

Mr Lowther, a Management Accountant in the Prison Department, was suspended from duty on 28 June 1984. He was subsequently charged with an offence under Section 2 of the Official Secrets Act and was on 7 February committed for trial on this charge.

The Attorney General reviewed the case in the light of the committal proceedings and concluded that it would not be in the public interest for proceedings to continue any further.

Mr Lowther's future is now being considered by the Department.

Home Affairs : Policy towards Prison

Rt 2 Service



From: THE PRIVATE SECRETARY



IN CONFIDENCE

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

4 February 1985

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5/2*

Dear David,

This is to confirm that the committal hearing of the charge under Section 2 of the Official Secrets Act against Mr Alan Lowther, who worked as a management accountant in the former Home Office Directorate of Industries and Farms, is due to take place at Bow Street Magistrates' Court on 6 and 7 February. Mr Lowther will be represented by Mr Geoffrey Robinson, QC., and the police believe that defence counsel will seek to attack the Official Secret Act at large as politically motivated and inappropriate.

Our Public Relations Branch will be in touch with the No 10 Press Office with briefing in case of media interest.

I am sending a copy of this letter to Janet Lewis-Jones (Lord President's Office).

*Yours ever,
Christine.*

MRS C J HEALD

David Barclay, Esq.

MANAGEMENT IN CONFIDENCE

From: THE PRIVATE SECRETARY



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

18 December 1984

*Dub
19/12*

Dear David,

Further to my letter of 20 November about criminal proceedings arising from allegations of corruption in the former Home Office Prison Department Directorate of Prison Industries and Farms you will wish to know that Mr L G Richenberg and Mr K C Hawkins appeared again at Bow Street Magistrates' Court yesterday morning and were further remanded on bail until 14 January.

Mr A Lowther, who faces charges under section 2 of the Official Secrets Act, also appeared at Bow Street yesterday morning and was remanded on bail until 6 February when a two day old-style committal hearing will take place. We are given to understand that the defence will not be seeking to raise any political issues at the hearing or to question the alleged facts of the case. We believe they intend instead to question the performance record of senior management in the former DIF and three current members of staff have been called as witnesses by the defence.

I am copying this letter as before to Janet Lewis-Jones in the Lord President's Office and to Margaret O'Mara in the Chancellor of the Exchequer's Office.

*Yours sincerely,
Christine Heald.*

MRS C J HEALD

David Barclay, Esq

79 DEC 1984

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From: THE PRIVATE SECRETARY

MANAGEMENT IN CONFIDENCE



HOME OFFICE

QUEEN ANNE'S GATE

LONDON SW1H 9AT

*sub
21/11*

20 November 1984

Dear David,

This is just to confirm, further to my letter of 2 November about police investigations into corruption in the former Home Office Prison Department Directorate of Prison Industries and Farms, that Mr L G Richenberg and Mr K C Hawkins appeared at Bow Street Magistrates' Court yesterday morning and both were remanded on bail until 17 December.

I am copying this letter as before to Janet Lewis-Jones in the Lord President's Office and to Margaret O'Mara in the Chancellor of the Exchequer's Office.

*Yours ever,
Christine.*

MRS C J HEALD

David Barclay, Esq

From: THE PRIVATE SECRETARY

MANAGEMENT IN CONFIDENCE



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

2 November 1984

Dear David,

*W/Ingram
JMB
2/4*

Further to my letter of 30 October about charges arising from the police investigation into corruption in the former Home Office Prison Department Directorate of Prison Industries and Farms, the case against Mr Alan Lowther who has been charged with an offence under section 2 of the Official Secrets Act 1911 is listed for 10 am on Monday 5 November at Bow Street Magistrates' Court. The prosecution will seek a remand on bail until 26 November and the hearing is likely to be over very quickly. Apart from the charge no further details of the case will be revealed. The Metropolitan Police Press Bureau are being briefed to offer no comment and our Director of Information has been in contact with Mr Ingham and with the office of the Director of Public Prosecutions about the handling of press enquiries. We understand that the solicitors acting for Mr Lowther are likely to opt for trial rather than a summary hearing, but may also seek an old-style committal.

I should also report that police investigations into matters concerning Touchwood Triway, a firm for which DIF once made wooden toys, have now been completed and decisions have been taken to prosecute Mr L J Richenberg of Touchwood Triway and Mr K C Hawkins, a technical officer equivalent to HEO in rank, who was suspended from duty on 28 October 1983 but has since retired. A summons has just been served upon Mr Richenberg and the police are seeking to contact Mr Hawkins in order to charge him. The charges, under Section 1 of the Prevention of Corruption Act 1906, allege that in December 1981 Mr Hawkins corruptly accepted from Mr Richenberg the sum of £2,000. Both men are to appear on 19 November at Bow Street Magistrates' Court. Mr Richenberg, aged 62, is said to be a millionaire and to have many influential connections. The police expect him to fight the case vigorously. Before embarking on a business career Mr Richenberg was, amongst other things, a lecturer at Oxford in Economics and, between November 1955 and June 1957, an Economic Adviser to the Treasury.

A copy of this letter goes to Janet Lewis Jones in the Lord President's Office and to Margaret O'Mara in the Chancellor of the Exchequer's Office in view of Mr Richenberg's past connection with the Treasury.

*Yours ever,
Christine.*

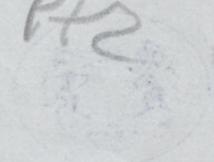
MRS C J HEALD

David Barclay, Esq

Prison Policy : HOME AFFAIRS

P42

Prison Policy : HOME AFFAIRS
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Prison Policy : HOME AFFAIRS





10 DOWNING STREET

From the Private Secretary

1 November 1984

The Prime Minister has seen and noted your letter to me of 30 October about the investigation into corruption in the Home Office Prison Department Directorate of Prison Industries and Farms. Mrs. Thatcher is grateful to be kept informed of progress.

I am copying this letter to Janet Lewis-Jones (Lord President's Office).

David Barclay

Mrs. Christine Heald,
Home Office.

CS

MANAGEMENT IN CONFIDENCE



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

FRB

- 1) Mr Butler
- 2) Prime Minister

30 October 1984

The AG's decision to use the Official Secrets Act has, I understand, slightly surprised the Home Secretary and his officials. The case is bound to attract public

Dear David,

In my letter of 4 July I reported the latest developments in the police investigation into corruption in the Home Office Prison Department Directorate of Prison Industries and Farms. I informed you that two technical officers had been suspended following police enquiries into certain aspects of DIF's relationship with Spiralux Ltd. One technical officer, approximate to Senior Executive Officer in rank, is Mr Alan Lowther and a summons was served on Mr Lowther on 22 October under section 2 of the Official Secrets Act 1911. The charge concerns an official document which it is alleged Mr Lowther communicated to Mr Alban Connolly the other technical officer. The Attorney General's fiat is required in cases under section 2 of the Official Secrets Act and has been granted in this case. The Attorney General has also agreed that the case should be dealt with summarily. Mr Connolly has not yet been charged with any offence and the police are not yet ready to report to the DPP on the main part of their investigation into DIF's transactions with Spiralux.

as a result.

Dub
30/10

The Attorney General has requested the police not to release details of the charge against Mr Lowther until the summons is returned to Bow Street Magistrates' court on 5 November.

A copy of this letter goes to Janet Lewis Jones in the Lord President's Office.

Yours ever,
Christine.

MRS C J HEALD

David Barclay, Esq

HOME Affairs: Policy tow. Prison Service Pt 2

UNITED KINGDOM
POST OFFICE
LONDON



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51 OCT 1994

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HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

4 July 1984

nbpm
DWB
4/7

Dear David,

You will wish to know the latest developments in the police investigation into corruption in the Home Office Prison Department Directorate of Prison Industries & Farms about which I wrote to you on 2 May and 5 June. The position is that a further summons has been served on Mr R Cardy, a member of staff in DIF, and that one is to be served on the Managing Director of Britwood Toys, Mr Cuthbertson, with whom Mr Cardy had dealings on behalf of DIF.

There are three further charges against Mr Cardy under section 1 of the Prevention of Corruption Act 1906, bringing to five the total of charges he now faces. It is understood that the latest charges relate to the alleged receipt by Mr Cardy of inducements or rewards in the shape of an interest-free loan of £2,000 and, on separate occasions, an Austin Princess and Rover car on preferential terms in return for showing favours to Mr Cuthbertson and his company. Mr Cuthbertson faces three related charges. Mr Cardy is due to appear at Bow Street on Thursday, 5 July. Mr Cuthbertson is currently on holiday in Ibiza and will be served with his summons on his return to this country on or about 16 July.

Trading has been suspended between DIF and Britwood Toys and legal advice is being sought urgently on the contractual implications of total disengagement.

These latest charges do not yet appear to have attracted press interest. The sub judice rule, of course, applies. We understand from the police that further charges, possibly involving other DIF employees, are likely to follow.

In connection with the police investigations into certain aspects of DIF's relationship with Spiralux Ltd., the police have arrested a technical officer (the equivalent of Higher Executive Officer in rank) and interviewed him under caution. Another technical officer, approximate to

Senior Executive Officer in rank, has made a statement to the police. Both officers have been suspended from duty pending the outcome of the police enquiries. The police expect to submit reports to the Director of Public Prosecutions in four to six weeks' time.

A copy of this letter goes to Janet Lewis-Jones in the Lord President's Office.

Yours ever,
Christine.

MRS C J HEALD

David Barclay, Esq.

Home Affairs: Prison Service & Pr.



10 DOWNING STREET

From the Private Secretary

6 June 1984

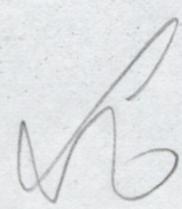
Thank you for your letter of 5 June in which you confirmed the latest developments in the police investigations into corruption in the Home Office Prison Department Directorate of Industries and Farms. The Prime Minister has seen and noted the contents of your letter. I should be grateful if you would keep us in touch with any further developments.

I am sending a copy of this letter to Janet Lewis-Jones (Lord President's Office).

David Barclay

Mrs. Christine Heald,
Home Office.

MANAGEMENT - IN CONFIDENCE



From: THE PRIVATE SECRETARY

MANAGEMENT - IN CONFIDENCE



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

5 June 1984

Prime Minister (2)
To be aware of the
latest developments in
this case.

Dear David,

Dms
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I am writing to confirm the latest developments in the police investigations into corruption in the Home Office Prison Department Directorate of Industries and Farms, which I mentioned to you on the telephone yesterday. The background was set out in my letter of 2 May.

We have been informed that summonses were yesterday afternoon served on two members of the staff of DIF, Mr D Beaton and Mr R Cardy, and also on Mr B Pullman, the American businessman with whom they had dealings on behalf of DIF. The summonses allege 10 offences under the Prevention of Corruption Act: five against Mr Pullman (who has already been charged with an offence under the Immigration Act), three against Mr Beaton and two against Mr Cardy. We believe the charges relate to free travel to New York and Hong Kong alleged to have been provided by Mr Pullman to the DIF officials. All three will appear at Bow Street Magistrates' Court on Thursday. We also understand from the police that further charges, possibly involving the other DIF officials, are likely to follow.

Mr Beaton and Mr Cardy are at present suspended from duty on full pay. We are considering as a matter of urgency whether any change in this position is called for.

There were brief references to the charges in today's editions of the "Daily Mail" and the "Star". As the cases are now fully sub judice our Press Officers will decline to offer any comment.

I am sending a copy of this letter to Janet Lewis-Jones in the Lord President's Office.

Yours ever,
Christine.

MRS C J HEALD

David Barclay, Esq.

05 JUN 1984



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