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SECRETARY OF STATE
FOR
NORTHERN IRELAND

The Rt Hon Leon Brittan QC MP
Secretary of State for Trade
and Industry
Department of Trade and Industry
1-19 Victoria Street
LONDON
SW1H 0ET

14th January 1986

NBM

Dear Secretary of State,

LEGAL ACTION AGAINST ARTHUR ANDERSEN AND CO (AA)

My predecessor wrote to yours on 30 August 1985 about the above legal action.

The Government filed a complaint against Arthur Andersen in February 1985 in the New York Federal Court and, in addition, writs were issued against Arthur Andersen, as a protective measure, in London and Belfast on 24 January 1985.

Following the filing of our complaint in New York, Arthur Andersen filed a Motion for Dismissal of the action on a number of grounds, the most important being "forum non conveniens". The Motion is still being argued by the parties and it now seems unlikely that the court will decide on it before March 1986.

The advice of our US and UK lawyers is still that the United States Court is the most appropriate forum for the trial of our action against Arthur Andersen, since the most significant acts or omissions of AA giving rise to the claim took place there and the level of damages which might be awarded is higher. There remains however the need to keep the UK claims alive and in order to do this the UK Writs must be served by 23 January 1986.

The Treasury Solicitor has confirmed to AA that, provided the case in the New York court against the US and other AA partners can be decided there, it is not the Government's intention to, in addition, pursue proceedings in the UK. He has suggested that only one of the

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UK Writs, which were issued as a protective measure, be served and sought AA's agreement that following service of the writ no further steps in the proceedings be taken until such time as the American proceedings are concluded, unless the American courts have determined finally that they lack jurisdiction over any of the UK or Irish partners of AA.

Arthur Andersen's London Solicitors (Herbert Smith and Co) responded requesting that one of the writs (that which was issued in London in the name of the Attorney-General) be served and the matter taken up to close of pleadings and that the Writ issued in Belfast be discontinued. The Treasury Solicitor has accepted these proposals.

You will therefore wish to note that it is the intention that the Attorney-General's writ against AA will be served on or before 23 January 1986, to be followed by a Statement of Claim and proceedings up to close of pleadings but no further, and to discontinue the proceedings in Belfast in accordance with an agreement to be entered into with AA. Counsel for the Attorney-General advise that it will not be possible to serve the Statement of Claim within 14 days of the service of the Writ. The Agreement of AA's solicitors to an extension of time will be sought and, if not forthcoming, will ~~not~~ be sought from the Judge.

I am copying this letter to the Prime Minister, Cabinet colleagues, the Attorney-General, Sir Robert Armstrong and the Head of the Government Accountancy Service.

Yours Sincerely
N. Howard
(Private Secretary)

for T K

(Approved by the Secretary of State
and signed in his absence in Belfast)



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DE WOLKAM

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John Mogg Esq
PPS/Secretary of State
for Trade and Industry
Department of Trade and
Industry
1-19 Victoria Street
LONDON
SW1H 0ET

21 January 1986

Dear Mr Mogg

amended
22/1/86

LEGAL ACTION AGAINST ARTHUR ANDERSEN & CO (AA)

I refer to the letter of 14 January from Tom King to Leon Brittan.

I regret that there is a typing error. The second to last paragraph, last line should read "be sought from the Judge". Please delete the word "not".

I am copying this letter to the Prime Minister, Members of the Cabinet, the Attorney-General, Sir Robert Armstrong and the Head of the Government Accountancy Service.

yours sincerely
S Wilson

MISS S WILSON