CONFIDENTIAL



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MINISTRY OF DEFENCE
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MO 19/3/12L

November 1989

Dear Stephen,

JAMES ADAMS: FINANCING OF TERROR

As I mentioned to you, my Secretary of State has received the attached letter from Mr Adams about the forthcoming libel action against the Sunday Times. I have alerted Mr King, who is currently in Oman, to the letter; whilst he is aware of the background and of the earlier conclusion that there is no way in which we can offer the help that Mr Adams and the Sunday Times are seeking (the correspondence rests, I think, with Charles Powell's letter to Mr Adams of 13th September 1988), he is extremely concerned at the presentational and substantive implications of a successful libel action.

Mr King has asked, therefore, for further work to be conducted urgently to see whether there is anything that we can do at this late stage, as follows:

- a. the possibility of a serving, or retired Service officer, who has been through HQNI appearing in the witness box and explaining that, whilst it is not possible to produce the primary witnesses, he can assure the Court, from his experience, that the charges made in Adams book are well founded. (There may, of course, be substantive legal problems over such a step which are being looked into);
- b. whether the RUC and Garda have done any further work since the case was last looked at in detail which might alter the position and nature of the help that we might offer the Sunday Times. (He recalls from his time at the NIO that this may be the case).

Our officials will be liaising closely with yours, as well as the Home Office and Legal Advisers, in pursuing these two thoughts. Mr King will also take the opportunity to discuss the matter when he sees your Secretary of State tomorrow morning.

Stephen Leach Esq Northern Ireland Office



I am sending a copy of this letter, and attachment, to Charles Powell (No 10), Colin Walters (Home Office) and to Trevor Woolley (Cabinet Office).

(B R HAWTIN)