

dti

the department for Enterprise

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The Rt. Hon. Peter Lilley MP
Secretary of State for Trade and Industry

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Our ref PE9133

Your ref

Date 17 September 1990

Dear Charles

POLLY PECK INTERNATIONAL PLC

Thank you for your letter of 12 September 1990 regarding your meeting with the Turkish Ambassador, who discussed, amongst other matters, the current situation with regard to Polly Peck International.

Following his meeting with you, the Turkish Ambassador met Mr Redwood to discuss the matter further.

The Ambassador made reference to a campaign against Polly Peck and its Chairman Asil Nadir, which he said had been orchestrated by the Greek Cypriot Government. He emphasised the importance of Polly Peck to the Turkish economy and expressed his concern at the effect of the uncertainty of the current situation and the effect thereof on the share price.

The main thrust of his representations was a request for an acceleration of the consideration process in this matter so that an announcement could be made as soon as possible as to whether or not an investigation was to be undertaken by DTI.

Mr Redwood explained the investigatory role of the Department and examined the rule of confidentiality at the consideration stage. He also reassured the Turkish Ambassador of the Department's impartiality in this matter.





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At a meeting on 23 August at the International Stock Exchange between representatives of the Stock Exchange, the police, the Serious Fraud Office and my Department to decide what action to take to investigate the activities of Asil Nadir in relation to the shares of Polly Peck, it was agreed that the Serious Fraud Office would conduct the investigation as the case fell well within their guidelines. We are therefore not undertaking a separate investigation.

The Stock Exchange made it known publicly that it had referred a dossier on Polly Peck share dealings to this Department and, as a result, press speculation has been concentrated on what action we may take. We have refrained from comment as it would be illegal at this stage to make it known outside Government either that we are taking no action or that the SFO are considering an investigation.

The matters which may be investigated by the Serious Fraud Office do not relate solely to the allegation of share ramping and market manipulation contrary to Section 47 of the Financial Services Act 1986 in relation to the announcement by Nadir regarding the proposed buy in of Polly Peck shares and its subsequent withdrawal. They also encompass allegations of the use of the company's own money to buy shares, contrary to Section 151 of the Companies Act 1985 and, in respect both of the takeover of Del Monte and the series of share deals between the proposed buy in and the withdrawal therefrom, together with other suspicious transactions in advance of earlier announcements and insider dealing.

The Serious Fraud Office has informed DTI, in strictest confidence, that they expect to be in a position to commence preliminary interviewing of persons involved in the enquiry in the week beginning 17 September 1990, before the meeting with the Prime Minister at Heathrow Airport on 23 September requested by the President of Turkey. (New Weekly Libe 1 Oct - New York)

When the interviews by the Serious Fraud Office commence, it is expected that the fact that they are conducting enquiries will be in the public domain.

I would add that instead of confirming the allegations mentioned above, the Serious Fraud Office enquiries may exonerate Mr Nadir.

*Yours
Sue Bishop*

SUE BISHOP
Private Secretary



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