

CONFIDENTIAL

DE LOREAN

The Prime Minister and the Attorney General had a meeting with Mr. Nicholas Winterton, MP, at 10 Downing Street on Wednesday 15 December at 1030 a.m. Mr. Gow and I were also present.

Mr. Winterton spoke on the lines of notes attached to this record. He added the following points. The story of his involvement began in September 1981 when he was contacted by a constituent of standing, who told him that a former employee of De Lorean had some disturbing information about the company. Mr. Winterton met this employee, who turned out to be Miss Marion Gibson, at the constituent's home. Miss Gibson made allegations which seemed serious and Mr. Winterton said that he could not take any action without supporting evidence. About a week later, he met Miss Gibson again at the house of the same constituent. She produced two folders of documents, some of which seemed to substantiate her allegations. Since he was not an accountant or a barrister, Mr. Winterton arranged for these documents to be sealed with a witness present and for them to be deposited in a Manchester bank. He contacted the Prime Minister's Parliamentary Private Secretary asking for an urgent meeting.

Mr. Winterton said that shortly afterwards Miss Gibson, having returned to the United States, rang up to say that insufficiently urgent action appeared to be being taken in Britain and that she was giving an interview to a journalist in the United States. Mr. Winterton said that he then telephoned 10 Downing Street and spoke to Mr. Pattison. On the following day, the Solicitor-General rang him on three occasions when Mr. Winterton was out. Mr. Winterton rang him back and the Solicitor-General said that the allegations appeared serious. The Director of Public Prosecutions also rang; both said that they were asking members of the Fraud Squad to call on Mr. Winterton to investigate the allegations.

/ Mr. Winterton

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Mr. Winterton said that he arranged for the documents to be released from the Manchester Bank and received two officers of the Fraud Squad at 3 p.m. on Saturday 3 October. The officers took the documents away at the end of the interview. Shortly after they had left, the Director of Public Prosecutions rang and asked to speak to the officers but was told that they had left to return to Congleton Police Station. Mr. Winterton went to discover the telephone number of Congleton Police Station but by the time he returned the DPP had rung off and, since then, Mr. Winterton had had no contact with 10 Downing Street, the Law Officers or the DPP.

Mr. Winterton then spoke on the lines of his notes, adding that he thought it discourteous on the part of No. 10 to have put out a statement without warning him that they were doing so. When Mr. Winterton said that on Saturday 10 October the Attorney General had let it be known to the press that on the following Monday, 12 October, a statement was going to be made clearing De Lorean, the Attorney General intervened to say that he had not made any statement on the Friday that De Lorean would be cleared and was not in a position to do so since conferences were not held with the police officers on their return from the United States until the following Monday.

Having spoken from the attached notes, Mr. Winterton concluded by saying that he hoped that he would be given credit for not having exploited his position as a Member of Parliament by asking embarrassing Questions in the House as he could have done. He felt that he had behaved responsibly in taking the initiative in bringing allegations about misuse of public money to the attention of the Prime Minister's office. In return, he had received publicity that he did not want and, although everything he had said had turned out to be true, libel actions were continuing against him. He thought it significant that De Lorean had asked Lord Goodman to act on his behalf and Lord Goodman had instructed Lord Rawlinson, a former Conservative Attorney General. He felt

/ that there was

that there was here a "mini Watergate" involving a cover-up, although he was not aware of the reasons for it. But he was not prepared to sit back. The press were close to the story and a great deal of dirt was likely to come out in the press and in books which were being prepared. He felt entitled to ask that a Government Minister should acknowledge his part in the events and explain why the Government did not act sooner. He recognised that the Government could not cause the actions to be dropped, but he would like the Government to say that his allegations had proved well-founded. If not, he might be forced to make a public statement which would be damaging to the Attorney General and to the Government.

The Prime Minister said that the press did not learn in October 1981 of Mr. Winterton's involvement from the Government. Mr. Winterton acknowledged this, saying that, following a statement from No. 10, Miss Gibson had given Mr. Winterton's name to journalists. The Prime Minister and the Attorney General pointed out that Mr. Winterton was not under any obligation to broadcast the allegations, and the proper course would have been to refrain from comment since the matter was in the hands of the police. Mr. Winterton pointed out that he had been beseiged by journalists and he thought that, if this was the proper course, it would have been courteous for the Solicitor-General to have so advised him.

The Attorney General pointed out that the specific allegations made by Mr. Winterton, when investigated, had not produced any evidence of criminal activity. The first - that De Lorean had not invested what he claimed to have invested - was not a criminal offence: if there was any breach of contract with the Government, that was a matter to be pursued through civil proceedings. The second allegation - that payments had been made into a foreign bank account in connection with the design of the car - was the result of an agreement with the Lotus Company, which was well known to the Northern Ireland Office. The third allegation - that money had been spent on projects which had nothing to do with the car - was more likely to give

rise to complaints from shareholders than to involve any criminal activity. The fourth allegation - that the proposed public issue in New York would enrich De Lorean at the expense of the British taxpayer - could not by definition involve any criminal activity since the public issue had not occurred. There was a fifth allegation - that De Lorean had made fraudulent claims for compensation for the loss of his factory in Northern Ireland through fire. The facts were that De Lorean had received £450,000 which was agreed following an independent survey and had put in a claim for a further £10.5 million for loss of business: whether or not this claim was well founded it was one which De Lorean was entitled to make.

Mr. Winterton interjected that it was not for him to say whether there had been criminal offences: whether the matters should have been followed up by criminal or civil proceedings, he had still done his duty in bringing them to the attention of the Government. The Attorney General pointed out that, for his part, he was only concerned with criminal offences. As regards other matters, the Northern Ireland Office had been brought in by the DPP throughout and were fully aware of the material made available through Mr. Winterton.

Mr. Winterton then referred to the story in Private Eye on 19 November and, in particular, to the reports that the police had not kept an appointment for a second interview with Mr. Haddad and that, before Mr. Haddad was interviewed for the first time, De Lorean had appeared to know what the police were going to ask him.

The Attorney General said that the explanation was quite simple. Haddad had failed repeatedly to keep appointments and De Lorean had been asked to instruct Haddad to meet the police. It seemed perfectly reasonable to seek De Lorean's co-operation in getting an employee to cooperate with the police in this way. The police had finally seen him on

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Friday 9 October and reported to London that evening that they were making no progress. They were therefore instructed to return to London for a conference to be held on the following Monday, and this was the reason why they had not had a further interview with Haddad.

Mr. Winterton said that he still did not accept this version of events. He felt that the British Government had not been straight with him. After his responsible action in bringing allegations of the misuse of public funds to the attention of the Government, the Government should have warned him that it was putting out a statement and to have kept him in touch with developments. The Attorney General said that after seeing that Mr. Winterton had given interviews to the press on 5 October, he had given instructions that further information should not be passed to Mr. Winterton for fear that Mr. Winterton would publish it.

Mr. Winterton said that he would like to have a further meeting with the Prime Minister with his Solicitor present, and had understood from Mr. Gow that this would be possible. The Prime Minister said that she could only meet Mr. Winterton as one Member of Parliament to another: if he was to bring in his Solicitor, the matter would have to be handled between legal advisers on both sides. Mr. Gow quoted from his letter of 26 November in which he had advised Mr. Winterton first to see the Prime Minister on his own and had said that, if Mr. Winterton insisted on bringing his Solicitor, he would have to ask the Prime Minister about it.

The Prime Minister asked Mr. Winterton whether he accepted that his allegations had not included evidence of criminal activity. Mr. Winterton said that he did, but said that in that case it had been the duty of other parts of the Government to follow up the material he had given. There were still many further points to be investigated, including tax irregularities, involving Colin Chapman. He believed that what he had said had turned out to be fully

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justified and his simple request was that a member of the Government should say so. The Prime Minister and the Attorney General said that the Government could not make any such statement on the basis of what was currently known: enquiries by the RUC were still continuing.

Mr. Winterton asked why there had been no enquiries between October 1981 and February 1982 when receivers were put in. The Prime Minister said that the Northern Ireland Office would have been closely monitoring the company during that period. Mr. Winterton said that it did not create confidence in the control exercised over the company when two nominee directors had voted huge bonuses to De Lorean and his right-hand man only a few days before liquidation. The Prime Minister commented that her recollection was that the bonuses had not actually been paid, and Mr. Winterton confirmed that this was so.

Mr. Winterton said that he did not think that the discussion could be carried further at present. His respect for the establishment, never high, had been reduced by this episode in which he had been innocently involved and in which he had been trying to do his public duty. He would consult his Solicitor, but had to warn that there was likely to be unpleasant publicity which would damage the Government. The Prime Minister suggested to Mr. Winterton that, in his own interest, he should only discuss the content of the present meeting with his Solicitor, and Mr. Winterton confirmed that he would do so. The Prime Minister said that she was comforted by this assurance.

F.R.B.

15 December 1982

SUBJECT

cc Master



FILE

B/F

bc Mr. Gow

JR

10 DOWNING STREET

From the Principal Private Secretary

15 December 1982

CONFIDENTIAL AND PERSONAL

Dear Philip,

MR. NICHOLAS WINTERTON, MP, AND THE DE LOREAN COMPANY

I attach a note of a discussion between the Prime Minister, the Attorney General and Mr. Nicholas Winterton, MP, which took place at 10 Downing Street today. I apologise for its length but thought it right to make a detailed record of this meeting.

The meeting was held, at Mr. Winterton's request, because Mr. Winterton had told the Prime Minister's Parliamentary Private Secretary that he wanted to see the Prime Minister in order to complain about the way in which the Law Officers Department had conducted investigations, following Mr. Winterton's approach to 10 Downing Street in the latter part of September and the early part of October 1981. In the course of the discussion, you will see that Mr. Winterton accepted that the allegations which he made at that time did not constitute evidence of criminal activity. However, it was not possible at this meeting to dispose of Mr. Winterton's fall-back argument that the Government should have followed up the evidence of misuse of public funds; and it is to be expected that Mr. Winterton will return to this point.

Following Mr. Winterton's departure, the Prime Minister instructed me to ask you if you would prepare a note on the action taken by the Northern Ireland Office on Mr. Winterton's allegations and the material which he provided. Presumably this is a matter which the PAC inquiry will also be covering, but the Prime Minister would like to know whether you are satisfied that it can be demonstrated that the Northern Ireland Office did all they could to establish whether this material contained evidence of misuse of public funds or other misconduct.

I should be grateful if you could restrict sight of these papers to as few people as possible. I imagine that you will want to show them to the Secretary of State, and there is of course no objection to that.

I am copying this letter and the enclosure to Jim Nursaw (Law Officers Department).

Yours ever,

P.J. Woodfield, Esq., C.B., C.B.E.,
Northern Ireland Office.

Robin Butler

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