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Pinehurst

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Prime Minister

DE LOREAN MOTOR CARS LTD: POSSIBLE CLAIM AGAINST THE AUDITORS, ARTHUR ANDERSEN & CO

25/1

I ought to let you and colleagues know that following legal advice Writs were issued yesterday by the High Court in London and Belfast at our instance alleging negligence by Arthur Andersen & Co the auditors responsible for reporting on the financial affairs of the De Lorean Motor Co Ltd. A copy of the text of the Writs is attached.

Twelve months is allowed for the service of the Writs. They have been issued at this stage, with the consent of the Attorney General, solely as a precautionary measure to avoid Limitation Act problems which could otherwise arise should a decision be made to pursue a claim against Arthur Andersen. The possible claim is one of a number of questions arising in the De Lorean case which are under review by legal advisers and my officials.

The issue of the Writs is bound to arouse some speculation about future actions in this case. This has been taken into account. The issue of Writs is necessary to protect our position and this will be made clear in response to any Parliamentary or press enquiries as to whether the Writs will be served.

I will be consulting separately with the Leader of the House about the effect the issue of the Writs might have on the requests for a debate on the PAC Report on De Lorean, and the conduct of such a debate.

A copy of this minute goes to the Attorney General and all Members of the Cabinet.

JA.

DH
25 January 1985

E.R.

The Plaintiff's claim is for damages and interest for negligence and/or negligent mis-statement by the Defendants committed between 1978 and 1982 in the course of the Defendants acting as accountants and/or auditors of DeLorean Motor Company and DSQ Property Company Limited (formerly DeLorean Motor Company Ltd) and/or acting as reporting independent accountants in relation to claims made upon the Plaintiff for building grants, machinery and equipment grants, tooling grants, employment grants, building loans and loans for additional assistance for general business purposes to the said DeLorean Motor Company Ltd, the Plaintiff having relied upon the professional competence of the Defendants prior to making such grants and loans and prior to subscribing for shares in and guaranteeing loans to DMCL.



NBPM AT 17/4 C 10

DEPARTMENT OF TRADE AND INDUSTRY
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SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

15 April 1985

Rt Hon Douglas Hurd MP
Secretary of State for Northern
Ireland
Northern Ireland Office
Great George Street
London SW1

Dear Secretary of State,

The US treble damage action brought by the NIO against Arthur Andersen ~~raises the question~~ of what the Government's attitude should be towards the use of the firm's services. It also raises questions about our policy on treble damage remedies. This letter deals only with the first question which needs to be resolved urgently.

2 The Head of the Government Accountancy Services (HOTGAS) has already written to all Principal Establishment and Finance Officers. I am writing now to seek confirmation from you and colleagues of the basis on which the Government should deal with the firm while legal action is in progress. We also need to decide whether we should make our decision once taken, public or simply tell Andersen's themselves.

3 Advice from HOTGAS is that we should not appoint Andersen's to any new audit work, whilst the case is in progress since doing so might risk prejudicing our position. On this basis, officials recommend that existing annual audit appointments should be renewed where work is satisfactory and that decisions on new assignments of non-audit work, whether accountancy or management consultancy, should be considered on a case-by-case basis.

4 This advice seems to me to take a sensible middle line between a "business as usual" attitude and a complete block on the use of the firm's services. The first course is hardly consistent with the allegations in the suit and may carry some risk of prejudicing the action. The second alternative might be regarded as a sign of vindictiveness on our part and would deprive the Government of the firm's much valued services, particularly in the management consultancy field which is quite outside the scope of the action.

5 We will need to let Andersen's know what we decide. Beyond that, there is some argument to support making a public announcement so as to give a clear signal to the rest of the

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accountancy profession. But making such an announcement against Andersen's wishes might prejudice their relationship with other clients and rebound against us. What I propose, therefore, is that in writing to Andersen's we should tell them we do not plan to make our position public unless they would regard this as helpful, but that we will put the rest of the profession in the picture through the President of the Institute of Chartered Accountants in England and Wales.

6 The profession generally is taking a very close interest in the case and I think it important that we settle our policy quickly. With that aim in view, I should be grateful for comments by 22 April at the latest.

7 Without prejudice to the conclusions which might have been reached, and I fully understand the position and motivation of N.I.O., I have to say that I feel that the decision to initiate the US proceedings should not have been taken without consulting this Department as sponsor for the accounting profession. I hope colleagues will bear our sponsorship interest in mind in future dealings with accountancy firms. An action of this kind in the American courts also has implications for our policy concerning US legal procedures and remedies in international areas. As an interested Department we would have welcomed an opportunity to comment on those aspects, not least since N.I.O. would naturally not be fully aware of the implications of their decision upon other cases.

8 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

Margaret Bodsworth

P.P NORMAN TEBBIT

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

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Car's
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Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

Rt Hon Douglas Hurd MP
Secretary of State for Northern
Ireland
Northern Ireland Office
Great George Street
London SW1

19 April 1985

Douglas Hurd

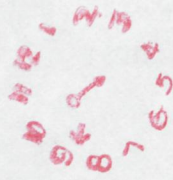
attached

I have just seen Norman Tebbit's letter to you of April 15th, about the US treble damage action being brought by the NIO against Arthur Andersen.

I do not wish to comment on the first point in Norman's letter about the policy towards Andersen, but rather to express some concern about the second point on the question of Government use of treble damage action under US law. I do share the unease implicit in Norman's letter about Government involvement in this area which might be seen as British Government endorsement of such actions, which have led to such difficulties in the British Airways case, and could obviously set possible precedents for the future. I therefore share Norman's concern that this was put in hand without any opportunity for discussion.

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[Signature]

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NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

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

22nd April 1985

Dear Secretary of State,

ARTHUR ANDERSEN

Thank you for your letter of 15 April. I welcome the opportunity to comment on the issues which you raise.

As you know, Arthur Andersen (AA) are actively seeking to undermine the Government's action by imputing differences between Departments and possible second thoughts. The Financial Times article of 27 March claiming that Government is considering dropping its US suit has been filed by AA's attorney in a submission to the New York Federal Court alleging lack of confidence in HMG's legal position. AA have also had some success in arousing the accountancy profession in Great Britain.

It is therefore essential that we should not allow any doubt to be raised about our determination to pursue the US action to a successful conclusion. I value your personal understanding and support for the course we are taking. Colleagues should know that the case against AA is strong.

I agree that we must have a clear line for business dealings with AA in the current situation. Northern Ireland officials were aware of the advice being issued by HOTGAS and a very similar letter has been issued to Departments in Northern Ireland. There is no doubt that a firm line in our dealings with AA will strengthen HMG's position in relation to the litigation, just as any inconsistency will be seized on by their lawyers to our detriment. A firm line may also induce AA to reach a fair and early settlement.

CONFIDENTIAL

I agree/....

CONFIDENTIAL

I agree therefore that Government Departments should clearly not pursue a "business as usual" attitude. In endorsing the HOTGAS advice my view is that whilst the legal action is unresolved there should be a presumption against employing AA on new work unless there are good arguments in their favour.

Given the AA campaign to which I have referred, for which there is at least some backbench support, I think the balance of argument favours a public announcement. I accept however that you will wish to hear what AA have to say, but I hope it will be possible to avoid any undertaking which unfairly inhibited Government in contrast to AA. I shall be interested to see whether Michael Havers has any advice on the terms of our dealings with AA - the Treasury Solicitor has been giving NIO valuable assistance in relation to this whole affair.

At the end of your letter you touch on consultation procedures and also the wider legal policy implications of the US action. I minuted the Prime Minister and colleagues on 25 January about the issue of the Writs against AA in the United Kingdom (some three weeks before the US Writs were issued) without response from colleagues. Some indication of Departmental interests then would in all probability have alerted us to the international issues about which the Treasury Solicitors and DTI Legal Advisers have been in subsequent consultation, including treble damages. It would not be sensible for me to expand on that legal correspondence here, but it is important to be clear that most of the misconduct of which we complain took place in the US by US personnel of AA and involves to a large extent the negligent auditing of DMC (ie the American company). Furthermore Mr De Lorean (a US citizen) planned and executed a fraud in the US which resulted in the diversion of company funds to his own use in the US. I therefore believe that there are substantial grounds for differentiating this case from our general approach to US cases involving British run companies which other colleagues may have in mind.

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 D H

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

27 PR 1985





QUEEN ANNE'S GATE
LONDON SW1H 9AT

22 April 1985

2 Norman,

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APPOINTMENT OF ACCOUNTANCY FIRMS: ARTHUR ANDERSON

I am content to proceed along the lines described in paragraph 3 of your letter of 15 April to Douglas Hurd, but in considering whether to invite Arthur Anderson to tender for new non-audit assignments while the action is unresolved, I think it would be right to be guided by a presumption that invitations will not be issued unless there are substantial disadvantages in following this course in a particular case. This would more clearly reflect the Government's dissatisfaction with Arthur Anderson's work and be more fully consistent with the action for damages.

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.

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The Rt Hon Norman Tebbit, MP

22 APR 1985



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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

24 April 1985

The Rt Hon Norman Tebbit MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 Victoria Street
LONDON SW1

Norman Tebbit

attached 2 flag A
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I have seen your letter of 15 April to Douglas Hurd about the line we should take in our contacts with Arthur Andersen & Co while the legal action over the De Lorean affair is in progress and I agree with your proposal which is based on advice both from the Head of the Government Accountancy Service and the Treasury Solicitor. I also agree that it would be appropriate for you to write to Andersen's and to put the rest of the profession in the picture via the President of the Institute of Chartered Accountants in England and Wales.

One point you do not cover in your letter is the question of secondments from Arthur Andersen & Co to the Civil Service. Subject to any comments Grey Gowrie may have I suggest that in principle there should be no impediment to their continuation but each should be carefully considered in relation to where a secondee is to be located and to current developments in the De Lorean case.

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.

Nigel Lawson

NIGEL LAWSON

Uelanda. De Loreau : July 1986



25 APR 1985

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ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

01-405 7641 Extn

30 April 1985

The Secretary of State for
Trade and Industry
1-19 Victoria Street
London SW1

Dear Norman.

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X Ref.

→ In your letter of 14 April 1985 to the Secretary of State for Northern Ireland, you raised the question of the extent to which the Government should use the services of Arthur Andersen (AA) in the light of the proceedings issued in the United Kingdom, in Northern Ireland and in the United States of America. You conclude that the advice of the Head of the Government Accountancy Services (HOTGAS) should be accepted. In his letter to you of 22 April 1985 the Secretary of State for Northern Ireland also endorses this approach but with a presumption against employing AA on new work unless there are good arguments for so doing. He then indicates that he would welcome my views on this matter.

Any continuing or further relationship with AA must provide their lawyers with an argument that the Government (in whatever guise it is suing) does not really believe in its case in as much as it involves the integrity and trustworthiness of AA. That would point to severing all relationships with AA, irrespective of their nature, and I understand from the Treasury Solicitor that the lawyers in the United States of America dealing with the proceedings there for the Government take that view.

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In so far as new audit work is concerned, there seems to be no disagreement about such an approach. As this is the area of the firm's activity which gives rise to the Government's legal claims, I agree with the advice of HOTGAS.

The position on the renewal of existing annual audit appointments is slightly different in as much as the firm has already been appointed. HOTGAS advises consulting the Treasury Solicitor on a case by case basis about these reappointments and the test suggested by you is that such appointments should be renewed where previous work has been satisfactory. Such an approach amounts to asking whether the conduct of AA in relation to that particular audit in question has been satisfactory and, if it has, continuing their appointment as auditors. I do not regard that test as sufficient. I agree that each case will have to be looked at individually and the questions to be asked are whether there are any legal or policy reasons that require the continued appointment of AA on this particular audit work. If the answers are in the negative, then the reappointment should be treated as if it was new audit work and should not go to AA. If there are such reasons for continuing the appointment, the Treasury Solicitor will have to be consulted and a decision taken in the light of the circumstances of the particular case. Even then, particular care will have to be exercised, bearing in mind that it is in relation to audit work that the Government's complaints against AA lie.

The proposal in relation to new assignments of non-audit work is that they should be considered on a case by case basis. My own inclination would be against awarding any such work to AA but I accept that the risk is less in this area. I would not, therefore, advise against awarding them such work if there were good reasons why in a particular case it was thought appropriate to use their services.

.../There



There is one further situation which must be considered in relation to audit work and all other kinds of work: that is work which AA are currently doing. In my view, any existing contracts should be allowed to run their course unless there are sufficient reasons for terminating them which arise in relation to the particular agreement in question.

In so far as secondments from AA to the Civil Service are concerned (the point made by the Chancellor of the Exchequer in his letter to you of 24 April 1985) I agree with his comments and would endorse the view of HOTGAS that such secondments should be examined on a case by case basis.

The lawyers acting for the Government in relation to the proceedings in the United States of America have suggested that if the use of AA on new or continuing work is contemplated, an undertaking should be obtained:-

- (a) that they do not employ any of their partners or staff who were involved in auditing or acting for any of the De Lorean companies at any stage, and
- (b) they will not seek any advantage, whether as a legal point, as evidence, or pure prejudice, in litigation on matters arising from the De Lorean affair, in England, Northern Ireland or the United States of America because of the fact of the new employment of AA by the Crown on other matters.

I think we should accept that advice which should reduce the risk of any appointment of AA being used as ammunition against the Government.

As to whether a public announcement is called for, I would point out that there could be considerable legal dangers in

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making a public announcement if it in any way enabled AA to say that they had effectively been defamed. For the moment, therefore, I would prefer the Government to write to AA saying that it does not propose to make a public announcement at this stage but will reconsider the matter if the firm thinks such an announcement desirable. However, the Government should reserve the right to make such an announcement in the future, if the circumstances warrant it, but perhaps this can be coupled with an assurance that no such action will be taken without at least giving advance notice to AA.

— Copies of this letter go to the Prime Minister, Members of the Cabinet, Sir Robert Armstrong, the Head of the Government Accountancy Service and to the Treasury Solicitor.

Yours Gr. Michael.

CONFIDENTIAL

IRELAND : De Lorean : July 1980



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HOUSE OF LORDS,
SW1A 0PW

8 May 1985

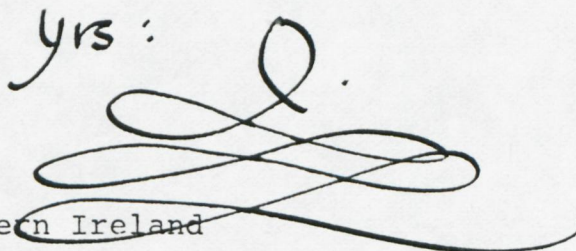
Arthur Andersen

Dear Douglas:

I have looked at the correspondence in this case, and I too share the unease expressed by Tom King in his letter to you of 19th April, and also (by implication) by Norman Tebbit in his letter of 15th April. We have in the past told United States Ministers and officials of our dislike of their treble damage jurisdiction, and in our negotiations on a draft Convention on the Reciprocal Enforcement of Judgments we managed, with considerable difficulty, to get the American negotiating team to agree that awards by United States courts of multiple damages would not be enforceable in this country. The Convention has never been ratified or brought into force, but the negotiations were well publicised in America, and many people there will find it hard to reconcile our negotiating position with the institution of a treble damage action by a Government Department.

I note what you say at the end of your letter of 22nd April about the lack of response from colleagues over the issue of a writ against Arthur Andersen in this country; but I do not think it follows that there would have been a similar lack of reaction to news that it was intended to institute a treble damage action in the United States. There is nothing to be done about this now, but for the future I agree with Norman Tebbit and Tom King that it would be preferable for there to be some prior discussion.

I am copying this letter to the Prime Minister, Cabinet colleagues, the Attorney General and Sir Robert Armstrong.

Yrs : 

The Right Honourable
Douglas Hurd MP
Secretary of State for Northern Ireland
Northern Ireland Office
Great George Street
London S.W.1

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Secretary of State for Trade and Industry

3 June 1985

The Rt Hon Douglas Hurd MP
Secretary of State for Northern Ireland
Northern Ireland Office
Whitehall
London SW1A 2AZ

D Douglas

I wrote to you on 15 April seeking views on the way the Government should deal with Arthur Andersen's while legal action against them is in progress. You, Leon Brittan and Michael Havers suggested significant modifications to the proposals made.

I must first restate our objectives. These must be to protect the Government's legal position and to take any necessary action to protect the public interest in appointing a firm which is the subject of serious allegations.

To meet these objectives I continue to believe that Andersen's should not be appointed to any new work whilst the case is in progress. As regards the renewal of existing audit work I accept Michael Havers' advice that additional tests need to be applied in each case. These would include questions whether there are any legal or policy reasons that require the continued appointment of Andersen's. If there were none the firm would not be re-appointed. If, however, there were such reasons the Treasury solicitor would be consulted before reaching any decision.

I also accept Michael Havers' advice that undertakings should be obtained from Arthur Andersen's if the firm is to be used on new - non-audit - or continuing work.

I think we are all agreed that any question of secondments from Andersen's should, as Nigel Lawson suggests, be considered on a case-by-case basis.



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The next step is for me to tell Arther Andersen that we intend to take a decision that affects their interests. This would allow the firm to respond to the approach I have outlined above and for us to take that response into account. (Andersen's have, in any case, asked for a chance to see me "prior to the finalisation of any policy".) When I have met Arthur Andersen I shall write to you again.

I have not commented on consultation procedures and wider legal policy implications of the US action. As Quintin Hailsham has commented, whilst your minute of 25 January (which did not reach me until several weeks after the decision had been taken) explained the reasons for issuing writs against Andersen's in the UK, it said nothing about proceedings in the US. The fact that no one commented on the international implications is therefore not surprising.

I should be grateful for any comments on the policy I have outlined above. I am particularly anxious to invite Andersen's to a meeting as soon as possible.

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

*For Mr.
Norman*

NORMAN TEBBIT

Ireland - July 1980

De lorean

3 JUN 1985

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SECRETARY OF STATE
FOR
NORTHERN IRELAND

NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

The Rt Hon The Lord Hailsham
of St Marylebone PC CH FRS DL
Lord Chancellor
House of Lords
LONDON
SW1A 0PW

12 June 1985

Dear Quentin,

Thank you for your letter of 8 May about the treble damages aspect of the action in the USA against Arthur Andersen and Company. I have now received Norman Tebbit's letter of 3 June, to which I will reply separately.

I agree that had my officials known that a treble damage claim would be made or was being contemplated there should have been interdepartmental discussion. In fact the advice and draft complaint prepared in the United States and studied by my officials and the Treasury Solicitor's Office contained no hint that a treble damage claim would be made. This was in line with earlier discussions with the American lawyers in London in which the Government's opposition to treble damage claims was registered. Nevertheless the US lawyers, who were under extreme pressure of time because of the US limitation laws, decided at the last minute to insert a treble damage claim without prior consultation.

I agree, given the history of the Government's negotiations with the Americans, that our public position on treble damages is uneasy. In my letter of 22 April to Norman I explained that there are arguments which can be deployed to differentiate the case from others involving British-run companies. Since tactically it would be silly to "untreble" the claim we must, when pressed, deploy those arguments to draw a ring around the Arthur Andersen case.

As to the present position the Treasury Solicitor is personally monitoring the progress of the action in the United States. It has been made clear to the American lawyers that all action in the case is subject to the direction of the Treasury Solicitor who in turn is keeping the Attorney General's Office in touch with developments.

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Although the treble damage element of the claim against Arthur Andersen is irksome we should keep in mind that it is but one aspect of the complex case against Arthur Andersen. It is important that we continue to press the case in the United States and also retain our options in the UK. Our next step here will be a decision on filing a statement of claim in the High Court in London and Belfast.

I am sending a copy of this letter to the Prime Minister, Cabinet Colleagues, the Attorney General and Sir Robert Armstrong.

Louise,
Doyler.

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SECRETARY OF STATE
FOR
NORTHERN IRELAND

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AT 13/6
NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

Rt Hon Norman Tebbit
Secretary of State for Trade
and Industry
1-19 Victoria Street
LONDON
SW1H 0ET

13 June 1985

Dear Norman,

ARTHUR ANDERSEN

Thank you for your letter of 3 June about the position Government should adopt on the question of new and existing public sector work for Arthur Andersen whilst our legal action against them is outstanding. I agree it is important that our position and provisional conclusions should be explained carefully to Arthur Andersen and that the firm should be given an opportunity to make representations before we finalise our policy on this matter. I also endorse the objectives which you have stated of protecting the Government's legal position and protecting the public interest in appointing a firm against which there are serious allegations.

The proposals which you make about new, or renewal of existing, audit work are entirely acceptable to me. Like you I attach considerable importance to the advice Michael Havers has given us and, therefore, I also support his views about our approach towards assignment of non-audit work to the firm. I trust this important aspect will also be explained to Arthur Andersen. The firmer our line across the board, the better.

On the matter of consultation procedures and the wider legal policy implications of the US action you will have seen by now my letter of today to Quintin Hailsham. There is nothing I can profitably add to those points. I look forward to hearing the outcome of the meeting with Arthur Andersen in due course. I am copying to the Prime Minister, Cabinet colleagues, the Attorney General, Sir Robert Armstrong and the Head of the Government Accounting Services.

*Yours,
Douglas*

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vllg
HOUSE OF LORDS,
SW1A 0PW

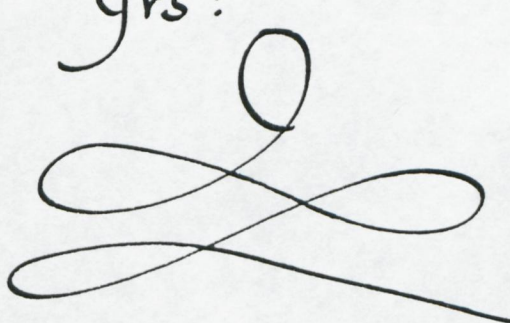
18 June 1985

Dear Douglas:

Northern Ireland Office v. Arthur Andersen

Thank you for your letter of 12th June on the policy implications of the treble damage claim. I was more than a little surprised to learn that this was inserted by the American lawyers without prior consultation, and in opposition to the Government's known views. But I agree with you that there is no point now in attempting to withdraw the treble damage claim. Perhaps the lesson for any similar proceedings is to give explicit instructions that no treble damage claim is to be lodged without express prior approval.

I am copying this letter to the Prime Minister, Cabinet colleagues, the Attorney General and Sir Robert Armstrong.

yrs:


The Right Honourable
Douglas Hurd MP
Secretary of State for Northern Ireland
Northern Ireland Office
Whitehall
London S.W.1

Ireland: De Koeaan July 80

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Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01-215 5422
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18 July 1985

The Rt Hon Douglas Hurd MP
Secretary of State for Northern Ireland
Northern Ireland Office
Whitehall
LONDON
SW1A 2AZ

R Douglas.

I have read with interest the correspondence between you and Quintin Hailsham about the treble damages aspect of the action in the USA against Arthur Andersen. There is one point I should like to pick up in your letter of 12 June. You explain that you will soon be taking a decision on filing a statement of claim in the High Court in London and Belfast. This may be expected to lead to a decision on which jurisdiction to press ahead in. As you know, my Department has an interest in these decisions both as sponsor department for the accountancy profession and because of its jurisdictional concerns in dealing with the United States. I should therefore very much welcome an opportunity to comment.

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

NORMAN TEBBIT

De Loreon - Ireland
July '80



Minister of State

NORTHERN IRELAND OFFICE
STORMONT CASTLE
BELFAST BT4 3ST

Tel. Belfast (0232) 63011
Telex 74272

The Rt Hon Norman Tebbit MP
Secretary of State for Trade & Industry
1-19 Victoria Street
LONDON
SW1H 0ET

8 August 1985

R13

NBPM

Dear Norman,

ARTHUR ANDERSEN

In Douglas Hurd's absence I am replying to your letter of 6 August 1985.

The Treasury Solicitor is presently in consultation with our American lawyers regarding Andersen's request that their future relationship with the Government on consultancy work should be on a "business as usual" basis.

I note that you are recommending that we agree to this but until we receive advice from our lawyers I would ask you to defer writing to Andersens.

I appreciate your desire to deal with the matter at the earliest possible date and the Treasury Solicitor expects to be in a position to provide advice by Monday next, 12 August 1985. I will be in touch with you again immediately thereafter.

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

all good

Yours

Rhe

DR RHODES BOYSON MP

Ireland 7180

De Loream

