

04 NOV 1998

# New SFO raid at Polly Peck

by Patrick Weever

THE Serious Fraud Office raided Polly Peck International offices again on Friday amid signs the increasing irritation of the Turkish Government could develop into a full scale diplomatic row.

Administrator Michael Jordan is trying to form a steering committee of bankers and investors to work on a PPI reconstruction. All hinges on co-operation from the businesses in Turkey and Cyprus.

Sources close to PPI chairman Asil Nadir say he has sold Baggrave Hall, his 700-acre estate in Leicestershire, for close to £4 million as he attempts to make a dent in his debts. The buyer is shrouded in mystery but the sale is said to have been through Savills. Paintings and carpets are also for sale.

Nadir has told friends: "I have never reneged on my debts and don't intend to do so now." But he is believed to be considering a damages claim against his stockbroker Lehman Brothers. Nadir is furious at the time it took Lehman to get a share suspension on September 20, the day of his first Serious Fraud Office interview.

He had to make three requests before the shares were suspended after halving in value on news of the investigation and the sale by bankers of Nadir's own stock, held as collateral. The first request came at 9 am after rumours carried by Reuters that Nadir had either committed suicide or had been assassinated.

Lehman is suing Nadir for £18 million for unpaid PPI

shares as is Barclays de Zoete Wedd for £3.6 million. Carr, Kitcat & Aitken is believed to be owed £13 million.

Centre stage in the PPI affair is SFO director Barbara Mills. Her high profile raid on Tuesday was criticised by Nadir but the SFO raided another PPI office on Friday.

Nadir has been free to come and go as he pleases and has also had his passport returned. This was removed in the first raid when his briefcase was taken away. Accountants from Peat Marwick had also been working within PPI's HQ for three weeks.

Meanwhile Turkish President Ozal has said nothing would happen to PPI's operations in Turkey or Cyprus. Suleyman Demirel, a former prime minister, added there would be serious consequences if fraud was not proven. At home fund managers said it was time for the SFO to put up or shut up.

The drama is not making Administrator Michael Jordan's task easier. He had to sack 70 staff last week but contrary to reports all collected wages in lieu of notice up to £5,000. Jordan has invited Postel, Standard Life and Friends Provident to join a steering committee. Standard Chartered, National Westminster and CS First Boston have been asked to represent bankers, Legal & General commercial paper holders and Warburg bond holders.

Although Thomson of France wants a chunk of Vestel, the Turkish electronics business, Jordan wants PPI kept broadly intact. Only peripheral bits such as Russell Hobbs are on the market.